



LEADER+ programme for Finland

L LEADER+ programme for Finland



Ministry of Agriculture and Forestry
Publication 9b/2001



LEADER+ programme for Finland

Publisher

Ministry of Agriculture and Forestry in Finland

Govern photo

Antero Aaltonen

ISSN 1238-2531

ISBN 952-453-059-7

Layout: PixPoint ky

Printing press: Painopörssi Oy, Finland 2002

Contents

1 Establishment of the areas covered	5
2 Current state of the rural areas in Finland	6
2.1 Objective 1 area in Northern Finland	11
2.1.1 Population	12
2.1.2 Socio-economic description	13
2.2 Objective 1 region in Eastern Finland	16
2.2.1 Population	17
2.2.2 Socio-economic description	17
2.3 Areas outside Objective 1	20
2.3.1 Population	21
2.3.2 Socio-economic description	22
2.4 Åland	25
2.4.1 Population	25
2.4.2 Socio-economic description	26
2.5 Equality; women, men and young people	26
2.6 State of the environment	27
2.7 Results of the programming period 1995-1999 and development needs based on these	30
2.7.1 LEADER II programme	30
2.8 Strengths, opportunities, weaknesses and threats in the Finnish rural areas	35
3 Ex-ante evaluation	39
4 Objectives and strategies of the programme	43
4.1 Development objectives and strategies	43
4.2 Quantitative and qualitative objectives	46
4.3 Economic, social and environmental impacts	48
5 Actions, priority themes and measures	50
5.1 Action 1) Territorial rural development strategies	51
5.1.1 Measure A: Investments	53
5.1.2 Measure B: Development	56
5.1.3. Measure C: Know-how	58
5.1.4 Measure D: Administration of local action groups (LAGs)	60
5.1.5 Measure E: Acquisition of skills	61
5.2 Action 2) Inter-territorial rural development projects	62
5.3 Action 3) Networking	65
5.4 Technical assistance	66
5.5 Levels of assistance	67
5.6 Selection of projects to be financed	68
6 Financial plan	69

7 Selection of local action groups (LAGs)	71
7.1 Eligibility and selection criteria	71
7.2 Selection procedures and timing	77
7.3 Agreement	78
8 Informing potential beneficiaries and the public at large	79
8.1 Informing potential local action groups	79
8.2 Informing the authorities, interest groups and public at large	80
9 Administrative procedures for LEADER+	82
9.1 Administration of LEADER+	82
9.1.1 Central administration	82
9.1.2 Territorial administration	82
9.1.3 Preparation of the administrative model for the programme	82
9.2 Granting and payment of assistance to applicants	82
9.2.1 Application procedure	82
9.2.2 Decision-making	83
9.2.3 Right of appeal	84
9.2.4 Payment of assistance	84
9.2.5 Bookkeeping and monitoring	86
9.3 Financial frameworks for LEADER groups	87
9.4 National network unit	87
9.5 Monitoring	87
10. Control provisions	91
10.1 Control	91
10.1.1 Administrative checks	91
10.1.2 On-the-spot checks	91
10.2 Sanctions	92
11 Evaluation	93
12 Consultation and participation of different partners in the Monitoring Committee	96
13 Compatibility with other Community programmes and policies	98
13.1 Horizontal Rural Development Programme	99
13.2 Objective 1 programme	99
13.3 Regional Rural Development Programme	99
13.4 Objective 2 programme	100
13.5 Objective 3 programme	101
13.7 INTERREG III	102
13.8 Urban	103

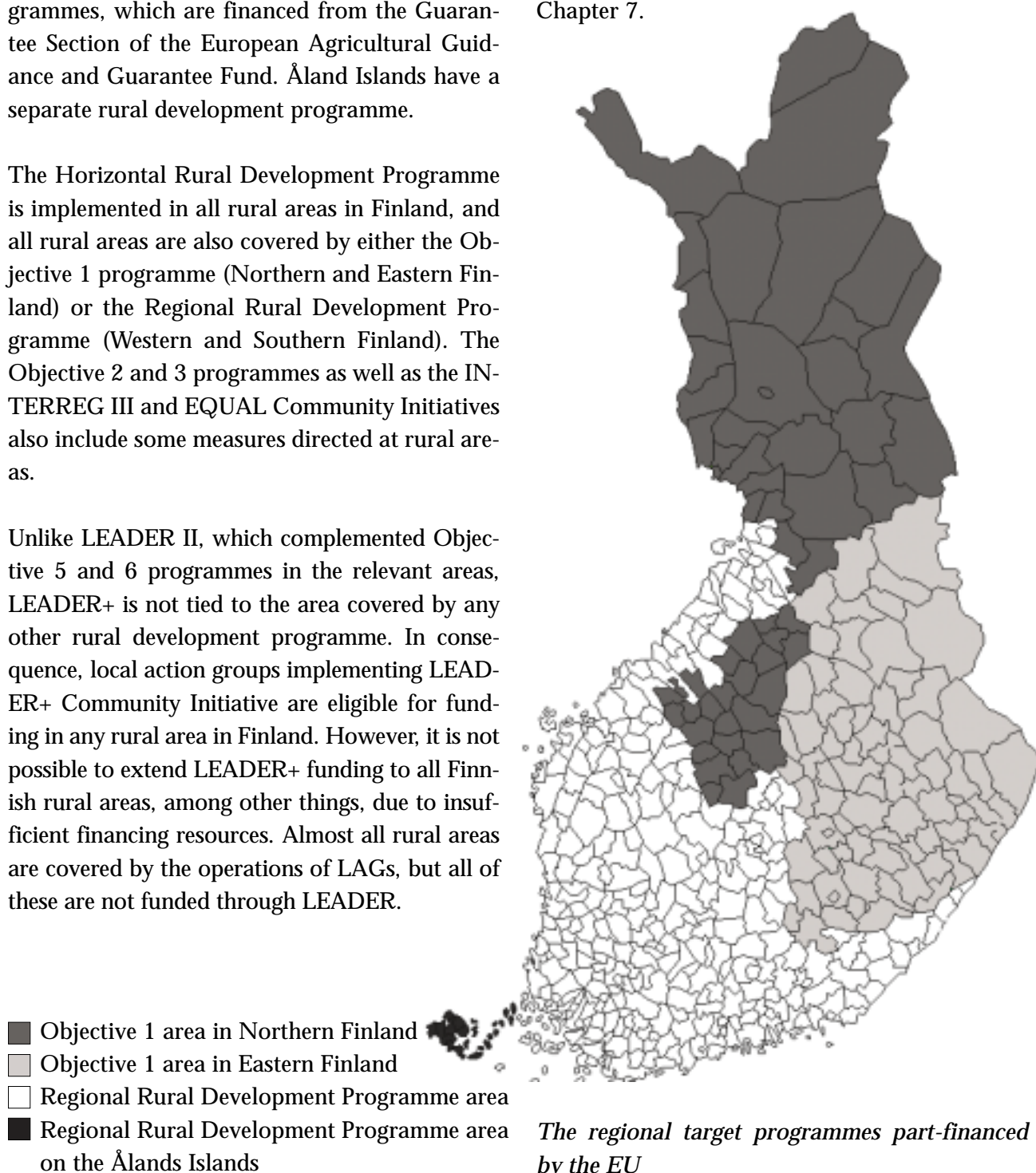
1 Establishment of the areas covered by the programme

The programmes to be implemented through the structural funds in Finland are Objective 1, 2 and 3 programmes as well as Community Initiatives LEADER+, INTERREG III, EQUAL and URBAN. In addition to these there are the Horizontal and Regional Rural Development Programmes, which are financed from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund. Åland Islands have a separate rural development programme.

The Horizontal Rural Development Programme is implemented in all rural areas in Finland, and all rural areas are also covered by either the Objective 1 programme (Northern and Eastern Finland) or the Regional Rural Development Programme (Western and Southern Finland). The Objective 2 and 3 programmes as well as the INTERREG III and EQUAL Community Initiatives also include some measures directed at rural areas.

Unlike LEADER II, which complemented Objective 5 and 6 programmes in the relevant areas, LEADER+ is not tied to the area covered by any other rural development programme. In consequence, local action groups implementing LEADER+ Community Initiative are eligible for funding in any rural area in Finland. However, it is not possible to extend LEADER+ funding to all Finnish rural areas, among other things, due to insufficient financing resources. Almost all rural areas are covered by the operations of LAGs, but all of these are not funded through LEADER.

Local action groups (LAGs) from all Finnish rural areas have been on an equal footing when applying for funding based on LEADER+. The selection of the LAGs is based on how their development plans meet the general eligibility criteria as well as the selection criteria presented in Chapter 7.



The regional target programmes part-financed by the EU

2 Current state of the rural areas in Finland

Finland is the northernmost and easternmost country in the European Union. Finland is also the only Member State of the EU which shares a border with Russia. The length of this border is 1,269 kilometres. The population of Finland is 5.17 million, and the total area is 338,145 square kilometres. Two-thirds of the area of Finland is forest. There are 188,000 lakes, and the share of water area in the total land area is about 10 per cent. The population density is 15.3 inhabitants per square kilometre, while the average population density in the European Union is 117 inhabitants per square kilometre.

In terms of the climate most of the Finnish area belongs to the temperate zone, and the dominating vegetation zone is the boreal forest zone. Compared to the rest of Europe, the Finnish climate is very cold. In Northern Finland the temperature may be as low as -40°C . The growing season is also much shorter than in other parts of Europe. In Northern Finland it varies between 110 and 180 days, while in Central Europe it is about 220 days and in Southern Europe more than 300 days. Most of Finland is lowland area, the highest point, Haltitunturi fjeld, is 1,328 metres high.

Finland is administratively divided into five provinces: the Provinces of Lapland, Oulu, Eastern Finland, Western Finland and Southern Finland, as well as the autonomous Province of

Åland. There are 19 regions and 452 municipalities in Finland.

According to the OECD classification, Finland is the most rural country in the EU. In the programme the different areas are presented based on the classification where the municipalities are divided into four types: sparsely populated rural areas, rural heartland areas, urban-adjacent rural areas and urban areas.

In 1999 the rate of unemployment in Finland was 10.2 per cent (Statistics Finland). The average rate of unemployment in the Member States of the EU in 1998 was 9.9 per cent. Unemployment fell towards the end of the 1990s both in Finland and in the other parts of Europe. In Finland the situation was the worst in 1994, when the rate of unemployment was 16.6 per cent.

During the whole 1990s the migration within Finland was very strong, and this trend continues. There are two aspects in the migration; within the regions the population migrates towards the population centres, and nation-wide the migration is directed at a few major, rapidly growing population centres, such as the capital region as well as the Oulu, Tampere and Jyväskylä regions.

Despite the concentration of population in urban areas, many people living in towns and cit-

Type of area	Municipalities	Population 31 Dec 1999	Area km ² 1 Jan 1999	Population density Inhabitants/km ²
Urban area	58	2 921 890	16 850	173,7
Urban-adjacent rural area	84	813 299	41 870	19,4
Rural heartland area	181	891 240	78 462	11,4
Sparsely populated rural area	129	544 471	200 965	2,7
TOTAL	452	5 170 900	338 147	15,3

Table 1. *Finnish municipalities, population, area and population density. Source: Statistics Finland*

ies would be interested in moving to the countryside. Based on the study made by the Rural Enterprise Agency, a little under 10 per cent of people living in the major urban areas considered it certain or very likely that they would move to the countryside if certain economic and social obstacles were removed. For those under 40 years of age the obstacles were mainly related to economic factors such as finding a job, while among those over 40 the main obstacles were social, such as family ties. (Food Facts Ltd, 2000).

Structural change in agriculture and forestry

The rural areas, in particular, have been very strongly affected by the structural change in agriculture and forestry in recent decades. The number of jobs in primary production and forestry has decreased dramatically. In the latter part of the 1990s, when the number of jobs grew in other sectors, in primary production the number of jobs fell by about a fifth. The share of agricultural income in the total income of farmers has also decreased, and forestry income, earned income from outside the farm and other business income constitute an ever-increasing share of farmers' total income. The number of farms has decreased, but no major change has occurred in the total cultivated area.

The number of active farms fell all through the 1990s. In 1990 there were 130,000 active farms, but by 1998 the number of these had fallen to about 88,000. In 1998 half of farmers earned more than 75 per cent of their total income from agriculture. (Farm Register, 2000)

The main problems in the structure of agriculture are the small farm size as well as the age structure of farmers, i.e. a large share of farmers represent the older age groups. In 1998 the average age of active farmers was 47 years, and in the case of all farmers it was as high as 53.4 years. The figure presents the number of active farmers according to farmers' age in 1998. Most of the active farmers were 50-54 years old (Farm Register 2000).

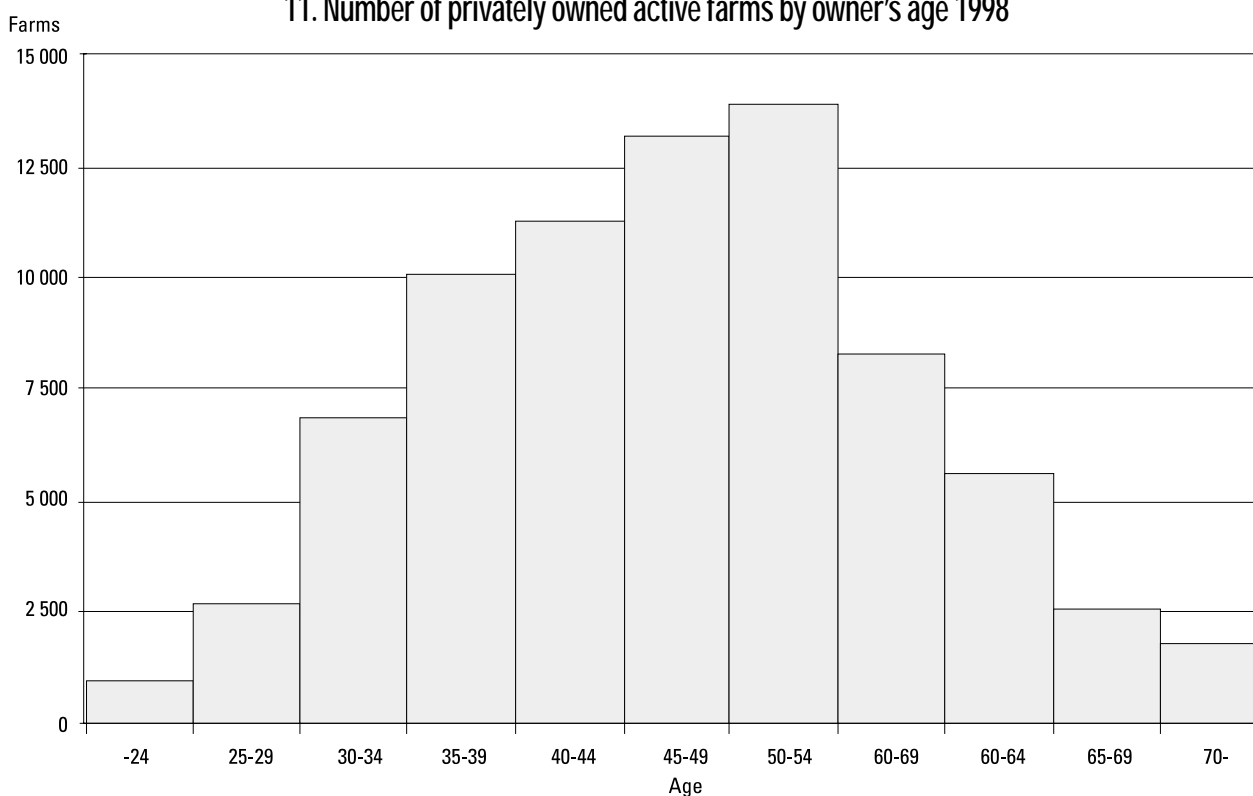
Based on a study of the Agricultural Economics Research Institute (Research reports 232/1999), on 24 per cent of active farmers the farmer was over 55 years old in 1996. In 1995-1996 the number of farmers fell in all age groups. The number of farmers who are over 65 years old fell by 56 per cent and the number of active farmers in the age group of 55-65 years by 21 per cent. The share of farmers who are under 35 years old grew slightly, but their number decreased. In 1994 the number of active farmers who were under 35 years old was 16,500 and in 1996 14,400. The number of farms owned by the oldest farmers fell the most in all production lines. Most of those who gave up cereal production, as much as 74 per cent, were more than 55 years old. The share of those under 35 fell the most in egg production and rearing of beef cattle.

The age structure of farmers is different in the different production lines. The share of the older farmers is the largest in cereal and egg production, while most of the farmers who are under 45 practice piglet or special crop production (Research reports of the Agricultural Economics Research Institute 232/1999).

The most important challenges in rural areas are the development of the profitability and competitiveness of agriculture as well as creation of new job opportunities to compensate for the jobs lost in agriculture. Without new employment opportunities the migration to population centres is going to increase. The lack of jobs is reflected in all activities. Decrease in the population reduces the purchasing power, which means that jobs in the service sector cannot be preserved. The tax basis of municipalities narrows and they are forced to adjust to diminishing resources. (Countryside in transition – rural policy report, Raija Volk, 1999)

When the income of the farmer alone (not including the spouse's income) are considered, the share of both farmers earning more than 75 per cent of their income and those earning less than

11. Number of privately owned active farms by owner's age 1998



25 per cent from agriculture has increased slightly. This indicates that some farmers mainly concentrate on agriculture, while others earn most of their income from other activities. On largest farms the farmers intend to expand their production further, while smaller farms intend to keep the production at about the current level. (Countryside in transition – rural policy report, Raija Volk, 1999)

According to the Agricultural Economics Research Institute, 56 per cent of the Finnish farms are pluriactive and 44 per cent are full-time farms. Pluriactive farms are farms which earn part of their livelihood from sources other than agriculture and forestry, independent of whether this refers to wage income or income from other entrepreneurial activity practised on the farm. (Arable area. Criteria for full-time agriculture on Finnish farms. Working Papers of the Agricultural Economics Research Institute 14/99).

As motives for pluriactivity economic factors are important, but by no means the only ones. In many cases people wish to utilise their education and skills by working outside the farm. Howev-

er, full-time farmers and spouses who have looked for new sources of income would have preferred on-farm activities to working outside the farm. (Arable area. Pluriactivity of farm families on Finnish farms. Research reports of the Agricultural Economics Research Institute 96/2000).

Services in rural areas

In addition to agriculture and forestry, during the 1990s the number of jobs also decreased considerably in the public sector. The reduction in the number of jobs has led to depopulation, which has in turn affected the customer basis for the private sector. This has resulted in a decline in the services and infrastructure in rural areas, which is reflected e.g. as the weakening of the school network and maintenance of private roads and side-roads and closing of post offices and shops. There are considerable differences between the territories in the level of services.

Summer residents are highly important in terms of maintaining the services in rural areas. In 1997 the number of summer residents in the

whole country was about half a million, and during the 1990s their number grew by about 10 per cent. The number of summer cottages was also about half a million, and their number increased by about 20 per cent. (Rural areas in Finland in the beginning of the EU membership – Rural indicators, 1999)

In 1996 the self-sufficiency in jobs was higher in rural areas than in the population centres, but the degree of self-sufficiency has decreased in the rural areas while some increase has occurred in the centres. Commuting is the most common in the service sector. 45 per cent of the employed labour force in rural areas worked in the population centres. In both absolute and relative terms commuting is the most common in areas close to major urban areas, while it is the least common in sparsely populated rural areas, such as the archipelago and Lapland. (Rural areas in Finland in the beginning of the EU membership – Rural indicators, 1999)

Small rural enterprises

The number of enterprises fell in the whole country during the depression, and it was at its lowest in 1994. Since then the number of enterprises has grown in both urban and rural areas. In urban municipalities, however, the growth has been more rapid than in the rural areas, and in urban municipalities the number of enterprises per inhabitant is also higher than in rural municipalities. In the rural areas the share of small enterprises employing less than 20 persons is also larger. (Rural areas in Finland in the beginning of the EU membership – Rural indicators, 1999)

In rural areas small enterprises have a more significant role as sources of income than in urban areas as the alternative employment opportunities are scarce. Most of the large companies are located in towns or population centres. In the rural areas the share of enterprises linked to basic production and various kinds of manufactur-

ing is larger than in urban areas, while the share of shops, restaurants, accommodation services and other service sector enterprises is smaller in the countryside.

In 1997 there were 61,100 small enterprises, i.e. enterprises employing fewer than 20 persons, in rural areas (based on rural postal code areas). These employed altogether 98,000 persons, which is about 8 per cent of the total number of people employed in Finnish enterprises. 7,700 of these small enterprises were on farms. The average size of the small enterprises located in rural areas is 1.6 persons / enterprise, while in enterprises located in urban areas this is 1.9 persons / enterprise. In rural areas about one fourth of the enterprises are linked to primary production (16,500). Business activities linked to primary production include e.g. machine contracting, tourism and recreational services as well as the production of timber and wood products (Structural development in small rural enterprises, Research reports of the Agricultural Economics Research Institute 245/2000).

The above figures are based on the Enterprise and Place of Business Register of the Statistics Finland. This does not include such entrepreneurial activity on the farm which is practised as the same taxation unit with farming. According to the preliminary data from the agricultural census of 2000, there is other entrepreneurial activity on about 22,000 active farms, and the most important lines of business are machine contracting (about 9,199 farms), production of tourism and recreation services (about 2,300), wood processing, energy production (2,300), food processing (about 1,100) and handicraft (about 300). When the above-mentioned 7,700 farms included in the Register on Rural Enterprises where other business activity is not related to farming are deducted from the outcome of the agricultural census, there is small-scale entrepreneurial activity included in the taxation of agriculture on about 15,000 farms.

In rural areas there are about 2,200 small enterprises offering tourism and recreation services included in the Enterprise and Place of Business Register, and in 1997 these employed altogether about 5,100 people. 20 per cent of enterprises in this sector are located in rural areas, but the average size of these is smaller than in urban areas. The share of rural enterprises in the total turnover of the tourism and recreation enterprises is 10 per cent and in the personnel about 11 per cent. Most of the camping areas, holiday resorts, cottages, boarding houses, etc. are located in rural areas, and more than half of these are included in the rural enterprises in terms of turnover and personnel as well. A third of the hotels are in the countryside, but these account for only 7 per cent of the total turnover of hotels. (Structural development in small rural enterprises, Research reports of the Agricultural Economics Research Institute 245/2000, Statistics Finland).

The number of nights spent in both the urban and rural lodging-houses grew in the 1990s, but in urban municipalities the rate of growth was double that in the rural ones, and the share of foreign visitors was twice that in the rural municipalities. The used capacity of the sleeping accommodation was also higher in urban municipalities. (Rural areas in Finland in the beginning of the EU membership – Rural indicators, 1999)

The majority of the tourism enterprises operating on farms and a large number of other small enterprises are not included in the Enterprise and Place of Business Register of Statistics Finland. The Theme Group for Rural Tourism has compiled contact information on these enterprises from various sources and sent out questionnaires to collect basic data on the enterprises. The list is not complete, because for some reason all of the enterprises did not return their responses. Most of the enterprises are engaged in traditional business activities, such as renting of cottages, but they also include full-time tourism enterprises without any connection to farming. The total capacity of the enterprises included in

the list was about 45,000 sleeping accommodations, and 22,000 of these were used round the year. The share of the small rural tourism enterprises not included in the official statistics in the total capacity of round-the-year sleeping accommodations was 17 per cent. (Theme Group for Rural Tourism).

At present the investments in enterprises operating in connection with farms are quite small, which means that very few enterprises will grow to such an extent that they will need any significant number of outside labour. Encouraging the growth-orientation of enterprises on farms would require considerable increase in different skills as well as distribution of the risk. Increased globalisation has led to increased specialisation among enterprises. In rural areas with a narrow customer and enterprise basis specialisation in very narrow fields may not be possible. This forces the rural entrepreneurs to some degree of pluriactivity, which often leads to problems relating to efficiency and skills. (Countryside in transition – rural policy report, Raija Volk, 1999)

One of the main problems in rural areas is the small share of the growing sectors, as most of the rural enterprises operate in sectors where the growth has stopped or slowed down. At the level of the total economy the growth in employment depends on the increase in productivity. Sectors that are growing on the global scale will be able to increase their production and labour force, and areas with such enterprises will also attract the labour force. (Countryside in transition – rural policy report, Raija Volk, 1999)

Innovation and competitiveness

Rural industries and enterprises operate on the global market, where new products and services are being introduced all the time. Thus one of the cornerstones of the development of the rural areas and industries is the ability of the people to produce and utilise innovation. This concerns

not only the technical product innovation but also innovation related to the processes, organisation and social issues. Innovation may relate to the production methods, ways of organising the production, services and e.g. marketing, or new ways of cooperation and community activities. The different elements of the good environment for innovation should be developed in a balanced way. This involves the identification, development and dissemination of local expertise, as well as cooperation networks within and between the sub-regional units. Contacts between the different sectors are also vital. The environment for innovation can be strengthened through the financing of the commercialisation of innovation and supporting the creation of new enterprises and cooperation.

An innovation system may be considered to involve a number of different regional levels, where the local, national and international levels interact with each other. Owing to the regional distribution of labour, rural areas occupy a special position of their own in the national innovation and production systems. The operations may start from the traditional activities of the territories, but they may also involve cooperation and distribution of labour with a larger enterprise. Cooperation between a large and small company may lead to concentration of expertise in the rural areas. One example of this is the cooperation between Nokia group and its sub-contractors. Telecommuting, which is largely concerned with the same issue between the employer and employee, is increasing slowly but steadily.

The improvement of the rural areas in Finland as environments for innovation and their competitiveness calls for intensive development measures, but the preconditions for achieving good results exist: there are good examples of specialised fields of production, the innovation and communication network are quite efficient and extensive, telecommuting is on the increase, and the distribution of labour between large and small companies has in many cases been success-

ful. The plans of the LAGs include a large number of measures aimed at improving the environment for innovation. Important aspects in this are increasing the interaction between urban and rural areas, emphasising the sectors that are particularly strong in each territory as well as methodologies through which innovation can be created and supported, strengthening of the computer skills through training, as well as setting up expert work groups to assist in the realisation of the potential existing in the territories. These work groups will complement the work of the training and research institutes, authorities and consultants, which is not always capable of responding to the development potential that is still at the innovation stage and not very well organised. Apart from the highly specialised production sectors in Ostrobothnia and Satakunta, the Finnish countryside constitutes quite a homogenous area as an environment for innovation.

In the following chapter the Finnish rural areas are presented based on the distribution into the Objective 1 areas in Northern and Eastern Finland, area covered by the Regional Rural Development Programme for areas outside Objective 1, and Åland. LEADER+ covers all rural areas in Finland. The distribution provides an appropriate basis for describing the areas, but the areas of operation of the LAGs are not based on this in any way.

2.1 Objective 1 area in Northern Finland

The Objective 1 area in Northern Finland covers the Region of Lapland as well as areas in North Ostrobothnia, Central Ostrobothnia and Central Finland. Objective 1 area in Northern Finland covers the following regions: Eastern Lapland, Kemi-Tornio, Northern Lapland, Rovaniemi region, Tornionlaakso, Tunturi-Lappi, Ii, Koillismaa, Nivala-Haapajarvi, Siikalatva, Saarijärvi, Viitasaari and Kaustinen. Altogether 56 municipalities are located in the programme area, which extends from the northernmost

parts of the country to Central Finland. The total area covered is 131 square kilometres, which is 39 per cent of the total area of Finland. In the north the area borders on three other states, Sweden, Norway and Russia.

90 per cent of the statutory nature conservation areas in Finland are located in the Objective 1 area in Northern Finland. In the area concerned there are, among other things, 6,538 square kilometres of national parks and 1,412 square kilometres of nature parks, 12 large wilderness areas based on the Wilderness Act and old-growth forest conservation areas. The total protected land area is 34,020 square kilometres, which is 26 per cent of the total area 1. In the region of Lapland alone there are 147 areas covered by the NATURA programme, and the total area of these is 29,358 square kilometres.

2.1.1 Population

At the end of 1999 the population of the area concerned was 354,000, which is a little under 7 per cent of the Finnish population. The area is very sparsely populated; the average population density is as low as 2.6 inhabitants per square kilometre. The population density grows from north to south. In the sparsely populated rural areas, in particular, the population density is extremely low, 1.4 inhabitants per square kilometre. The largest town in the area is Rovaniemi. The strong centres of growth, Oulu and Jyväskylä, which are located close to the Objective 1 area, influence e.g. the migration and commer-

Objektive 1 area in northern Finland



Figur 1. Norra Finlands mål 1-område

cial and industrial life and provide education opportunities.

Until the 1990s the development of the age structure of the population was quite balanced and the population increased due to the natural population growth. Towards the end of the 1990s, however, the migration away from the area grew to the extent that the population turned into a decrease and the share of the older age groups is growing at an alarming rate. In the Objective 1 area in Northern Finland the population falls both in urban and rural areas.

Type of area	Municipalities	Population 31Dec 1999	Area km ² 1 Jan 1999	Population density inhabitants/km ²
Urban area	3	82 436	1 420	68,1
Urban-adjacent rural area	3	34 262	9 575	3,6
Rural heartland area	13	62 731	7 850	8,0
Sparsely populated rural area	37	170 647	117 729	1,4
TOTAL	56	350 076	136 574	2,6

Table 2. Municipalities, population, area and population density of Objective 1 area in Northern Finland. Source: Statistics Finland

Type of area	Change in population 1996-1999	Net migration 1996-1999	Population forecast 2030	Change in population forecast 1999-2030
Urban area	-975	-1 833	81 959	-477
Urban-adjacent rural area	-372	-967	37 075	28 13
Rural heartland area	-1 671	-2 734	57 752	-4 979
Sparsely populated rural area	-8 928	-10 874	155 051	-15 596
TOTAL	-11 946	-16 408	331 837	-18 239

Table 3. Migration and population forecast in Objective 1 area in Northern Finland. Source: Statistics Finland

One special feature in the population of Lapland is the aboriginal population, the Lapps. The total number of Lapps in Finland is about 7,000. About 4,000 Lapps live in the Lapp area ('home district'), which covers the northernmost parts of Lapland – the municipalities of Enontekiö, Utsjoki and Inari and northern parts of the municipality of Sodankylä. Provisions concerning the right of the Lapps to develop their own culture are laid down in the Finnish Constitution. Three Lapp languages are being used in Finland:

northern Lapp, Inari Lapp and Skolt Lapp, and each linguistic area is characterised by special cultural features of its own.

2.1.2 Socio-economic description

In all sub-regional units except that of Kemi-Tornio located in the Objective 1 area in Northern Finland the GDP is much lower than in the whole country on average. In 1997 the GDP/capita in the sub-regional unit of Ii was only

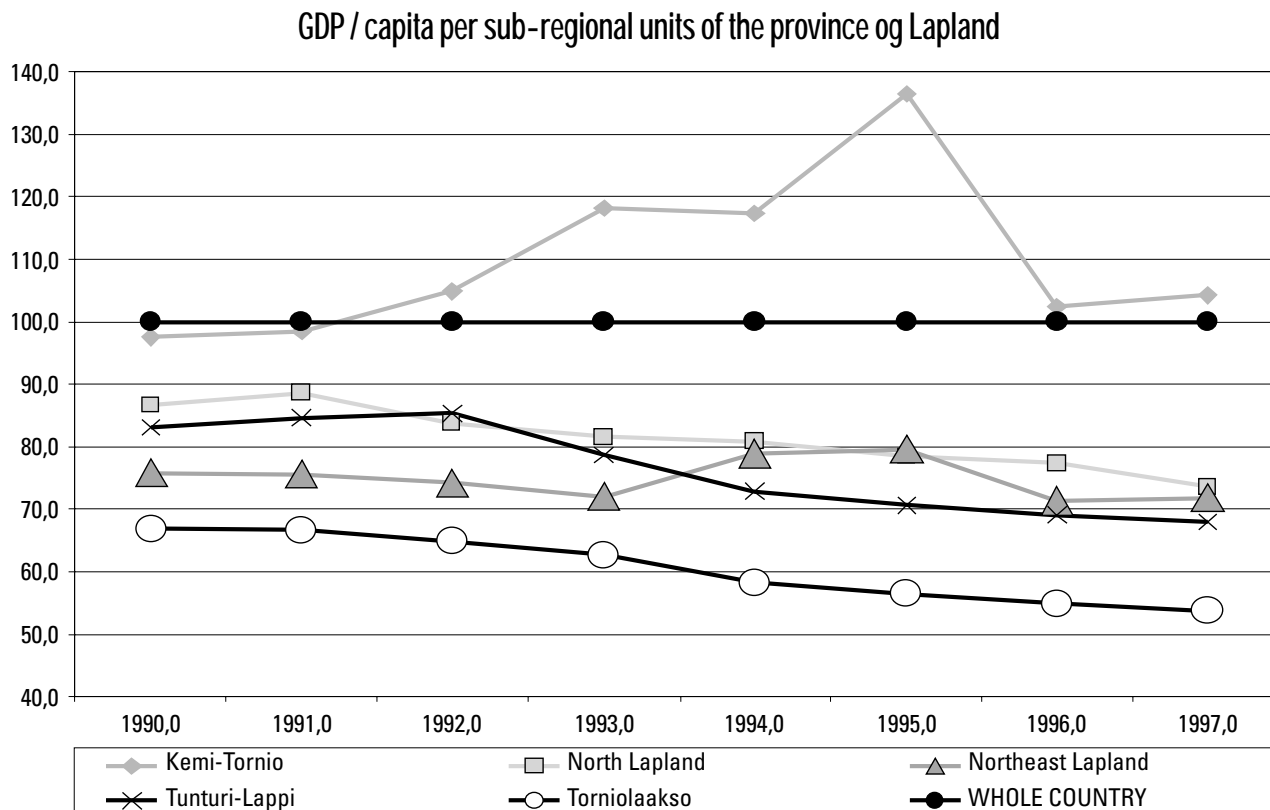


Figure 2a. GDP per capita in the province of Lapland. Source: Statistics Finland
Källa: Statistiskcentralen

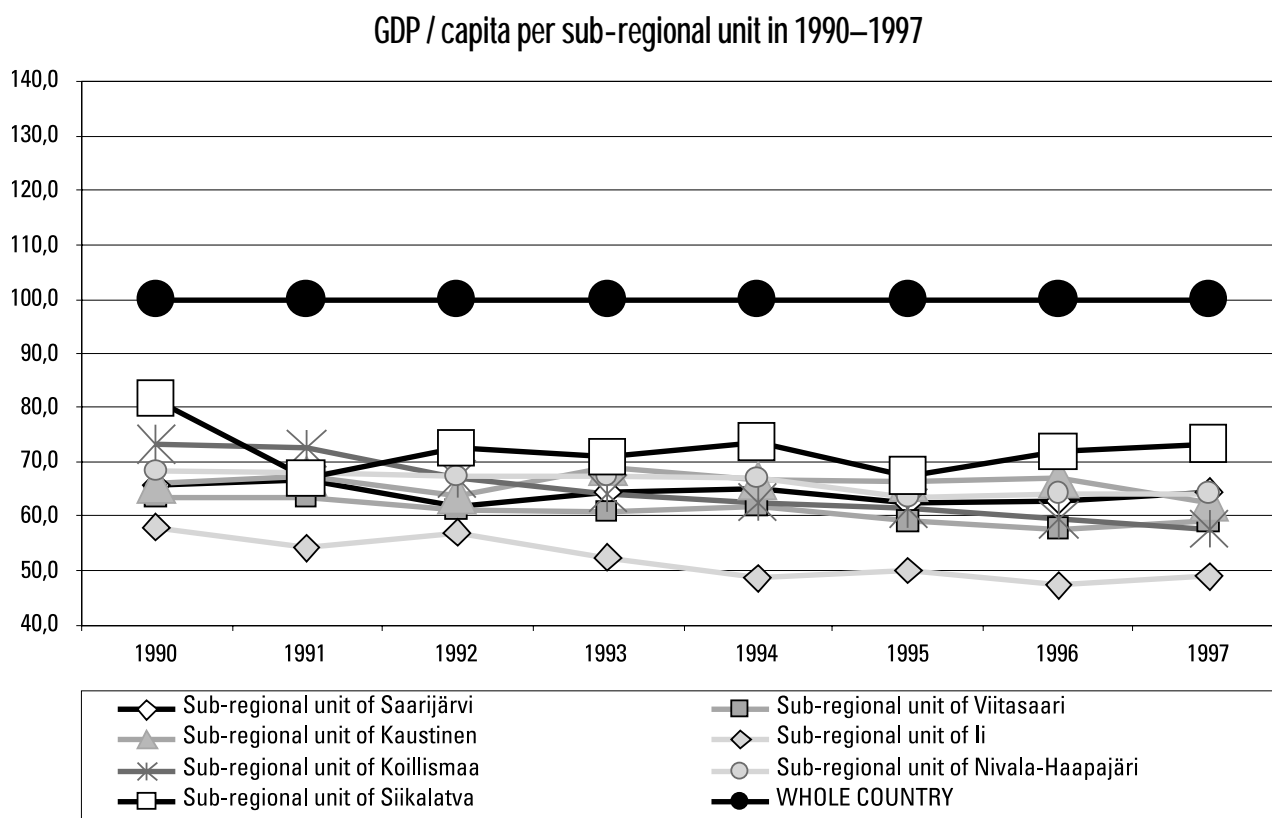


Figure 2b. GDP/capita in Objective 1 area in Northern Finland, except in the province of Lapland. Source: Statistics Finland

48.9 per cent of the average GDP in the whole country.

The education level of the people living in the Objective 1 area in Northern Finland rose in the past decade, but it is still among the lowest in Finland. Almost half of the population over 15 years of age have no degree after the basic education. The education level is the lowest among those who are over 50 years old. Like in other parts of the country, in Northern Finland the education level of women is a little higher than that of men; in particular, women have university degrees more than men. There is one institution of higher education in Objective 1 area of Northern Finland, the University of Rovaniemi, and the Universities of Oulu and Jyväskylä are not very far away. There are numerous educational establishments of the secondary level in the area, and the number of institutes or units practising different kinds of research, education and training activities is 22.

In the Objective 1 area in Northern Finland the unemployment reached its peak in the mid-1990s, when the rate of unemployment was more than 25 per cent in several sub-regional units. Towards the end of the decade the situation improved especially in the southern parts of the area, but the rate of unemployment is still very high, 20.4 per cent (Ministry of Labour). The regional differences in the rate of unemployment are considerable. The share of young people in the unemployed has fallen mainly due to the special labour policy measures, but the long-term unemployment is still growing.

In the Objective 1 area in Northern Finland about 61 per cent of the jobs in the area are in the service sector. The share of public services is very high, as more than half of the service sector jobs are in the public sector. The share of processing in the number of jobs is 23 per cent and that of agriculture and forestry 12 per cent. The main weaknesses in the industrial structure

Type of area	Unemployed 1996	%	Unemployed 1999	%	Change i1996-1999 %
Urban area	9 574	24,7	8 320	21,6	-3,1
Urban-adjacent rural area	3 708	23,7	3 187	20,2	-3,5
Rural heartland area	4 875	18,1	3 875	14,7	-3,4
Sparsely populated rural area	20 643	26,2	16 470	21,9	-4,3
TOTAL	38 800	24,2	31 852	20,4	-3,8

Table 4. Unemployment in Objective 1 area in Northern Finland.

Source: Ministry of Labour (the unemployment figures of the Ministry of Labour are higher than those of Statistics Finland due to differences in the statistical basis. The unemployment figures of the Ministry of Labour follow the practices of the International Labour Organization ILO and the EU statistics agency EUROSTAT. The statistics of the Ministry of Labour are based on legislation and administrative orders.)

are the dependence on the public sector and the relative large share of jobs in primary production in rural heartland areas, because in the future there will be no increase in the number of jobs in these sectors. There is considerable regional variation in the structure of industries. Agriculture is particularly significant in the southern parts of the area, while jobs in the service sector dominate in the north, and jobs in the processing are concentrated to the urban areas. Several of the most famous tourist attractions in Finland are located in Northern Finland, and thus tourism industry is very important.

There area large-scale industrial plants in the area in the fields of wood processing, steel industry and mining. Kemi-Tornio region on the north coast of the Baltic Sea is the most important concentration of large-scale industry in Northern Finland. The value added of the industrial plants located in this region is 13 per cent of the GDP of the area concerned.

The SMEs located in Objective 1 area of Northern Finland practise the manufacturing of wood and metal products as well as food processing. All lines of business in the high-tech sector are also practised in the area. Tourism occupies a central position among the service sector enterprises. The enterprises are quite small, most of them have fewer than 5 employees. Thus the in-

dustrial plants are in most cases oriented towards the local market, and very few companies are directly involved in export activities. However, there is a large number of medium-sized enterprises with quite good growth prospects in the area.

Tourism is already highly important in terms of the employment in Northern Finland, and it is one of the growing sectors in the area. At present tourism is mainly concentrated to Lapland and Koillismaa, but it is becoming increasingly important in the other sub-regional units of the area as well. The number of overnight stays registered annually in the area is about 1,700,000, which is 12 per cent of the overnight stays in the hotels, cottages, camping grounds, etc. in the whole country.

The development of the entrepreneurial activity since 1994 has been quite successful. By the end of 1996 the net increase in the number of business establishments was 1,000 and the number of people employed grew by 1,450.

As a result of the structural change in agriculture primary production employs a smaller and smaller number of people. In urban-adjacent rural areas the emerging new industries replace the jobs lost in agriculture, but in sparsely populated rural areas it is far more difficult to find new sources of income. Farmers in Northern Finland have much

1998	Urban area	Urban-adjacent rural area	Rural heartland area	Sparsely populated rural area	TOTAL
Primary production %	2,4	9,1	21,7	14,8	12,0
*incl. forest %	1,4	1,8	1,6	3,1	2,3
Processing %	27,8	20,2	24,8	19,5	23,0
Private services %	30,9	28,1	19,7	26,8	26,8
Public services %	35,9	37,1	29,1	33,6	33,7
Unknown %	3,0	5,4	4,7	5,3	4,5
TOTAL	100,0	99,9	100,0	100,0	100,0

Table 5. Structure of industries in Objective 1 area in Northern Finland. Source: Statistics Finland

less wage or other entrepreneurial income from outside the farm, and forestry income is also much smaller than in other parts of Finland. In Northern Finland the farm size is slightly below the average in the whole country. More than half of active farms practise cattle husbandry as their main production line, and in Lapland agriculture is almost solely based on livestock production.

In Lapland and parts of the region of North Ostrobothnia reindeer husbandry is practised in the so-called reindeer herding area. This is particularly important in the sub-regional units of Tunturi-Lappi and Northern Lapland. Reindeer husbandry is the main source of livelihood for about 2,000 families. Reindeer husbandry is largely based on the utilisation of natural pastures. The production of reindeer meat in the area totals about 2.5 million kg.

The number of farms fell considerably in the latter part of the 1990s, while the size of farms (measured by the arable area) has grown.

2.2 Objective 1 area in Eastern Finland

Objective 1 area in Eastern Finland covers the regions of Etelä-Savo, Kainuu, North Karelia and Pohjois-Savo, and the number of municipalities located in this area is 78. The largest population centres are the towns of Kuopio, Joensuu, Mikkeli and Kajaani. The area is 85,200 square kilometres, which is about a quarter of the total area of Finland. The area is characterised by the large number of lakes and other watercourses. The share of waters is more than 17.5 per cent of the total area. Eastern Finland shares almost 600 kilometres of border with Russia.

Type of area	Farms 1995-	Arable area ha/farm 1995	Farms 1998	Arable area ha/farm 1998	Change in number of farms 1995-1998	Change in arable area ha/farm 1995-1998
Urban area	247	21,2	241	26,9	-6	2,7
Urban-adjacent rural area	454	17,1	436	18,4	-18	1,3
Rural heartland area	3 393	22,4	3 052	26,1	-341	3,7
Sparsely populated rural area	5 008	18,0	4 633	20,1	-375	2,1
TOTAL	9 102	19,8	8 362	22,4	-740	2,6

Table 6. Farms and arable areas in Objective 1 area in Northern Finland.

Source: Ministry of Agriculture and Forestry / IACS register, Farms 1995, 1998

In the Objective 1 area of Eastern Finland there are 101,200 holiday homes, and the number of holiday homes has exceeded the number of permanent residences in the sparsely populated area. There is 5,400 square kilometres of area included in the NATURA 2000 programme, which is 7.6 per cent of the total area. 1,900 square kilometres of this, i.e. 2.6 per cent of the total area of Objective 1 area in Eastern Finland, is nature conservation area. The primary objective of the nature conservation programmes is to preserve the special characteristics and biodiversity of the forests, peatland and lakes in Eastern Finland.

2.2.1 Population

The population of the Objective 1 area in Eastern Finland is 691,000, which is 13.4 per cent of the total Finnish population. Part of the population is concentrated around the regional centres, but a significant share of the population is also scattered to the sparsely populated areas. The area is characterised by low population density, only 8.1 inhabitants per square kilometre.

Almost the whole area, both urban and rural municipalities, suffers from population loss, which has accelerated in recent years. The age structure is also distorted, with a growing share of the older population groups. The likelihood to migrate is the highest among educated young people and women. According to the population

Objektive 1 area in Easter Finland



Figure 3. Objective 1 area in Eastern Finland.

forecast, in urban areas the population loss should actually turn into population gain.

2.2.2 Socio-economic description

In all regions of Objective 1 area in Eastern Finland the GDP/capita is below the average in the whole country. In Pohjois-Savo the per capita GDP is somewhat higher than in the other regions. Relative to the average in the whole country the GDP/capita in Eastern Finland continued to weaken until 1997.

Type of area	Municipalities	Population 31 Dec 1999	Area km ² 1 Jan 1999	Population density inhabitants/km ²
Urban area	7	271 979	4 301	63,2
Urban-adjacent rural area	12	97 415	8 149	12,0
Rural heartland area	15	81 719	11 174	7,3
Sparsely populated rural area	44	234 933	61 548	3,8
TOTAL	78	686 046	85 172	8,1

Table 7. Municipalities, population, area and population density in Objective 1 area in Eastern Finland.

Source: Statistics Finland

Type of area	Population change 1996-1999	Net migration 1996-1999	Population forecast 2030	Population change forecast 1999-2030
Urban area	60	-2 514	281 769	9 790
Urban-adjacent rural area	-698	-1 750	99 930	2 515
Rural heartland area	-2 948	-2 645	72 088	-9 631
Sparsely populated rural area	-11 690	-10 443	202 262	-32 671
TOTAL	-15 276	-17 352	656 049	-29 997

Table 8. Migration in Objective 1 area in Eastern Finland and population forecast.

Source: Statistics Finland

In all regions in Eastern Finland the education level is below the average in the whole country, and the education level has risen more slowly than in the other parts of Finland. 53.5 per cent of men and 56.9 per cent of women have taken degrees after the basic education. The share of people with an academic degree, 15.9 per cent of men and 20.5 per cent of women, is also below the average in the whole country, which is 22.5 per cent (Statistics Finland). There are two establishments of higher education in the area, the

University of Kuopio and the University of Joensuu, and three branches of other universities. There is a number of vocational schools and four polytechnics in the area, as well as 14 research institutes or units operating in various fields.

In Eastern Finland the number of jobs collapsed in the 1990s, and between 1990 and 1996 the number of jobs fell by about a fifth. In spite of the decrease in the population and labour force,

GDP / capita per sub-regional unit in 1990–1997

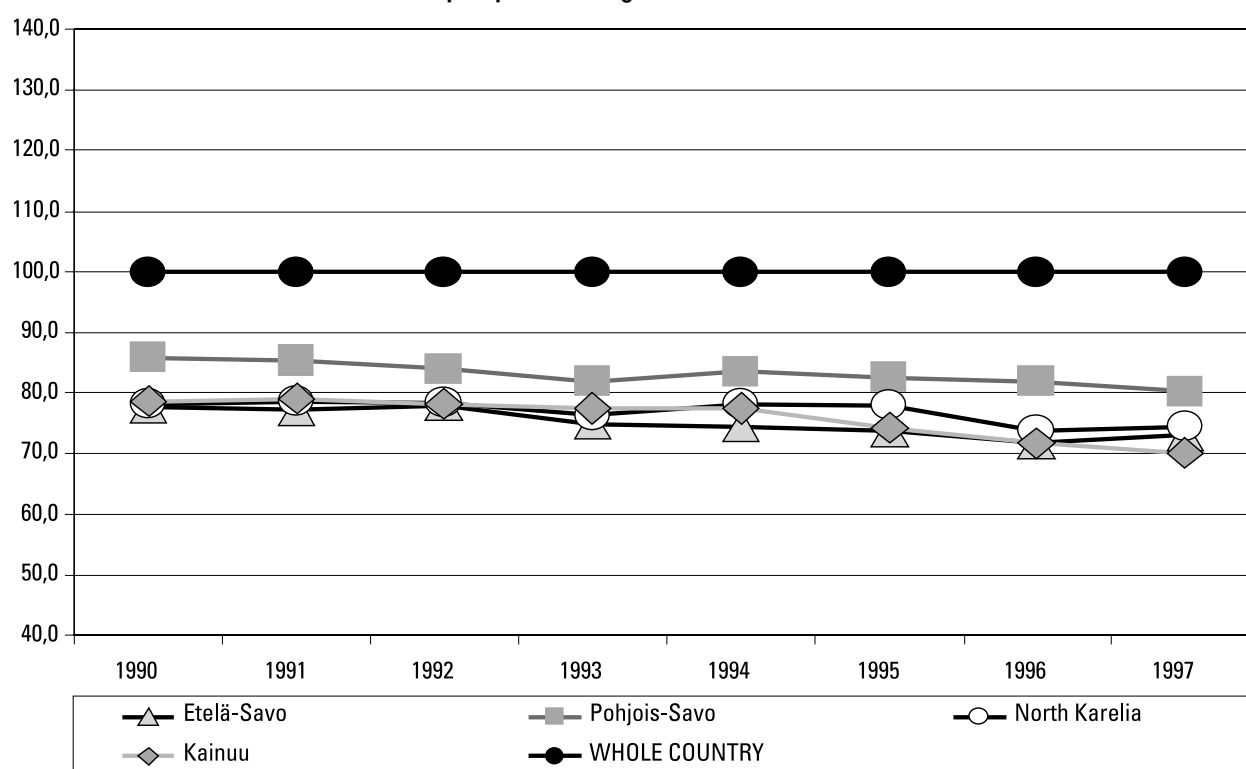


Figure 4. GDP/capita in Objective 1 area in Eastern Finland. Source: Statistics Finland

Type of area	Unemployed 1996	%	Unemployed 1999	%	Change in 1996-1999 %
Urban area	28 663	22,9	23 747	18,9	-4,1
Urban-adjacent rural area	8 636	19,4	6 985	15,7	-3,7
Rural heartland area	7 462	20,5	6 062	17,3	-3,3
Sparsely populated rural area	25 199	23,6	20 485	20,2	-3,4
TOTAL	69 960	22,4	57 279	18,7	-3,7

Table 9. Unemployment in Objective 1 area in Eastern Finland.

Source: Ministry of Labour (the unemployment figures of the Ministry of Labour are higher than those of Statistics Finland due to differences in the statistical basis. The unemployment figures of the Ministry of Labour follow the practices of the International Labour Organization ILO and the EU statistics agency EUROSTAT. The statistics of the Ministry of Labour are based on legislation and administrative orders.)

this led to mass unemployment, and the situation has started to improve only in the very recent years. Some decrease has occurred in the rate of unemployment, albeit more slowly than in the other parts of the country. The decrease in unemployment is mainly due to the migration and loss of labour force to other areas as well as labour policy measures rather than the creation of new jobs. The improved employment in the growing sectors has not been enough to compensate for the loss of jobs in other sectors. Among the young people the situation has improved. Long-term unemployment has decreased, but the share of this in the total unemployment has grown.

The majority of enterprises in Eastern Finland operate in the service sector, and in 1998 the share of these in all business establishments was 62 per cent. Among the company services the most important sector in Eastern Finland is transport services, and the share of this is much higher than in the other parts of Finland. The share of manufacturing companies was 12 per cent, which is a little smaller than in the other parts of the country. However, the share of manufacturing companies in the employment was almost 34 per cent, which is considerably higher than the share of these in the whole country. The most important lines of business are the manufacturing of wood and metal products and ma-

chinery and implements as well as food processing, which accounted for more than half of all manufacturing companies in the area. Compared to the other parts of the country, the number of companies engaged in the manufacturing of paper, wood and stone products as well as food processing is higher, but there are fewer companies operating in the growing sectors such as electronics and information technology. Tourist industry is also highly important in Eastern Finland, and the share of these enterprises is larger than in other parts of the country. Tourism is particularly significant in Etelä-Savo and Kainuu, where the share of tourist enterprises is higher than in the other parts of Eastern Finland.

In Eastern Finland the establishment of new companies is much less frequent than in the other parts of the country, and the rate of establishment (i.e. new companies relative to the existing ones) was 8.8 per cent, while in the whole country this was 10 per cent.

Agriculture in Eastern Finland is dominated by grass production for feed and cattle husbandry, especially milk production. Almost a third of the milk produced in Finland comes from Objective 1 area in Eastern Finland. The number of job in forestry has decreased considerably, but forests still constitute a highly significant natu-

1998	Urban area	Urban-adjacent rural area	Rural heartland area	Sparsely populated rural area	TOTAL
Primary production %	2,1	11,8	21,1	20,2	10,7
*incl. forest %	1,1	1,6	2,1	3,5	2,0
Processing %	23,8	24,7	25,1	23,1	23,8
Private services %	33,3	23,5	20,9	22,3	27,5
Public services %	37,8	36,2	28,4	29,9	34,2
Unknown %	3,1	3,9	4,5	4,5	3,8
TOTAL	100,1	100,1	100,0	100,0	100,0

Table 10. Structure of industries in Objective 1 area of Eastern Finland. Source: Statistics Finland

ral resource and source of employment in Eastern Finland, where the whole forestry sector employs about 18,000 persons. About a sixth of the total production of the forestry sector comes from the Objective 1 area in Eastern Finland. Forestry has also indirect employment effects as e.g. wood energy accounts for 33 per cent of the energy production in Eastern Finland (18 per cent in the whole country).

The number of farms has fallen rapidly, while the average arable area of farms has grown. Compared to the other parts of Finland, the farms in the eastern part of the country are small, and farmers' forestry income is higher.

2.3 Regional Rural Development Programme for areas outside Objective 1 area

The Regional Rural Development Programme covers the regions of Uusimaa, Itä-Uusimaa,

Varsinais-Suomi, Satakunta, Kanta-Häme, Päijät-Häme, Pirkanmaa, Kymenlaakso, South Karelia, South Ostrobothnia and Ostrobothnia as well as parts of the regions of Central Finland, Central Ostrobothnia and North Ostrobothnia. The area covered is 114,850 square kilometres, which is 34 per cent of the total area of Finland. There are 302 municipalities in the area.

There is a special Regional Rural Development Programme for areas outside Objective 1, which covers the whole area except for the planned areas of the 12 largest towns or cities.

There are two Objective 2 programmes concerning the area covered by the Regional Rural Development Programme, Objective 2 areas of Southern and Western Finland. In the map these areas are indicated by dark grey. The area covered by Objective 2 is about 20 per cent of the

Type of area	Farms 1995	Arable area ha/farm 1995	Farms 1998	Arable area ha/farm 1998	Change in number of farms 1995-1998	Change in arable area ha/farm 1995-1998
Urban area	713	17,7	630	20,0	-83	2,3
Urban-adjacent rural area	2 543	18,2	2 235	20,8	-308	2,6
Rural heartland area	4 203	20,4	3 720	23,6	-483	3,2
Sparsely populated rural area	10 253	17,3	8 826	20,2	-1 427	2,8
TOTAL	17 712	18,2	15 411	21,0	-2 301	2,86

Table 11. Farms and arable areas in Objective 1 area in Eastern Finland. Source: Ministry of Agriculture and Forestry / IACS-register, Farms 1995, 1998.

area of Finland, and the population is 30.1 per cent of the total Finnish population.

There are 700 NATURA areas in the area of the Regional Programme, and the total area of these is 1,000 square kilometres, i.e. about 1 per cent of the area. (The figures include the whole territories of the regions of Central Finland, South Ostrobothnia and Central Ostrobothnia, even if parts of these are covered by the Objective 1 programme for Northern Finland.)

2.3.1 Population

There are altogether 4,109,072 people living in the area outside the Objective 1 area, which is about 80 per cent of the population of Finland.

Areas where the population grows the most strongly are concentrated to the sub-regional units of the largest towns. About a third of the population in the area lives in the sub-regional units of Helsinki, Tampere and Oulu. On the other hand, the population is also concentrated to the main population centres in Southern Finland. There are six sparsely populated sub-regional units in the area, where the population density is less than 10 inhabitants per square kilometre.

The rural population is decreasing quite rapidly, and according to the population forecast this trend can be expected to continue. Instead, in the urban areas and urban-adjacent rural areas

Areas outside Objective 1

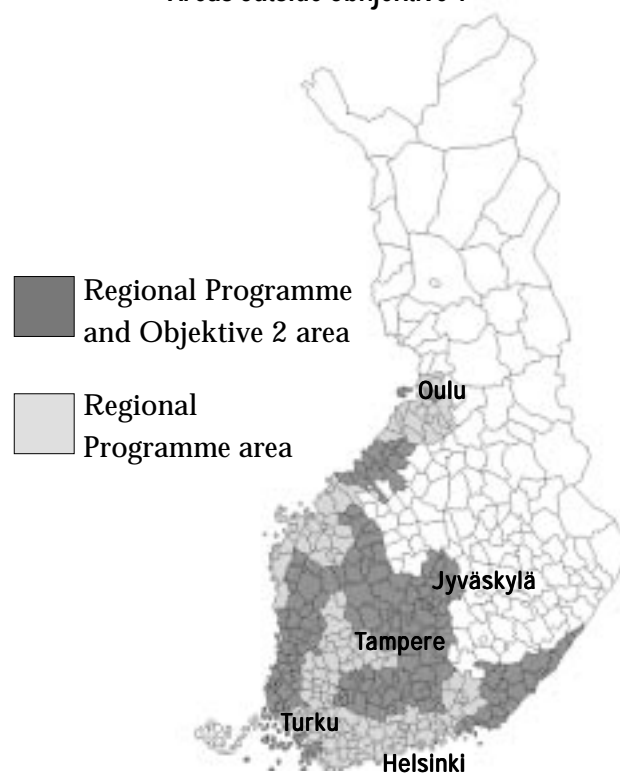


Figure 5. Area outside Objective 1.

the net migration is positive. Based on the forecast, the strong migration especially to the towns is expected to continue, but people will also be moving to the rural areas adjacent to towns. All of the most important centres of growth in Finland are located in the area outside Objective 1, i.e. the capital region as well as the regions of Tampere, Oulu and Jyväskylä. In the area as a whole the net migration is positive, but there are also sub-regional units which suffer from population loss.

Type of area	Municipalities	Population 31Dec 1999	Area km ² 1 Jan 1999	Population density inhabitants/km ²
Urban area	47	2 556 979	11 117	230,0
Urban-adjacent rural area	67	676 781	23 891	28,3
Rural heartland area	146	738 803	58 671	12,6
Sparsely populated rural area	42	136 509	21 171	6,4
TOTAL	302	4 109 072	114 850	35,8

Table 12. Municipalities, population, area and population density of the area outside Objective 1. Source: Statistics Finland

Type of area	Change in population 1996–1999	Net migration 1996–1999	Population forecast 2030	Population change forecast 1999–2030
Urban area	69 371	57 443	2 726 399	169 420
Urban-adjacent rural area	14 267	5 405	701 099	24 318
Rural heartland area	-12 640	-13 985	658 428	-53 375
Sparsely populated rural area	-4 491	-3 149	122 626	-13 883
TOTAL	66 507	45 714	4 235 552	126 480

Table 13. Migration and population forecast in the area outside Objective 1.

Source: Statistics Finland

2.3.2 Socio-economic description

In all regions located outside Objective 1 the GDP/capita is higher than in the regions located in Northern and Eastern Finland. However, only in the province of Uusimaa the GDP/capita clearly exceeds the national average every year, and in 1997 it was 137.8.

The majority of the establishments of higher education, for example, the Universities of Helsinki, Tampere, Turku, Jyväskylä and Oulu are

located in the area not covered by Objective 1, and the education level of the population is also above the national average. 58.6 per cent of the people of working age (15-75 years of age) in the area have taken a degree after the basic education. The national average is 57.7 per cent. 23.8 per cent of the population in the working age have an academic degree, while in the whole country the share of these is 22.5 per cent. However, there is considerable regional variation in the education level. (Statistics Finland)

GDP / capita in the different regions in 1990–1997

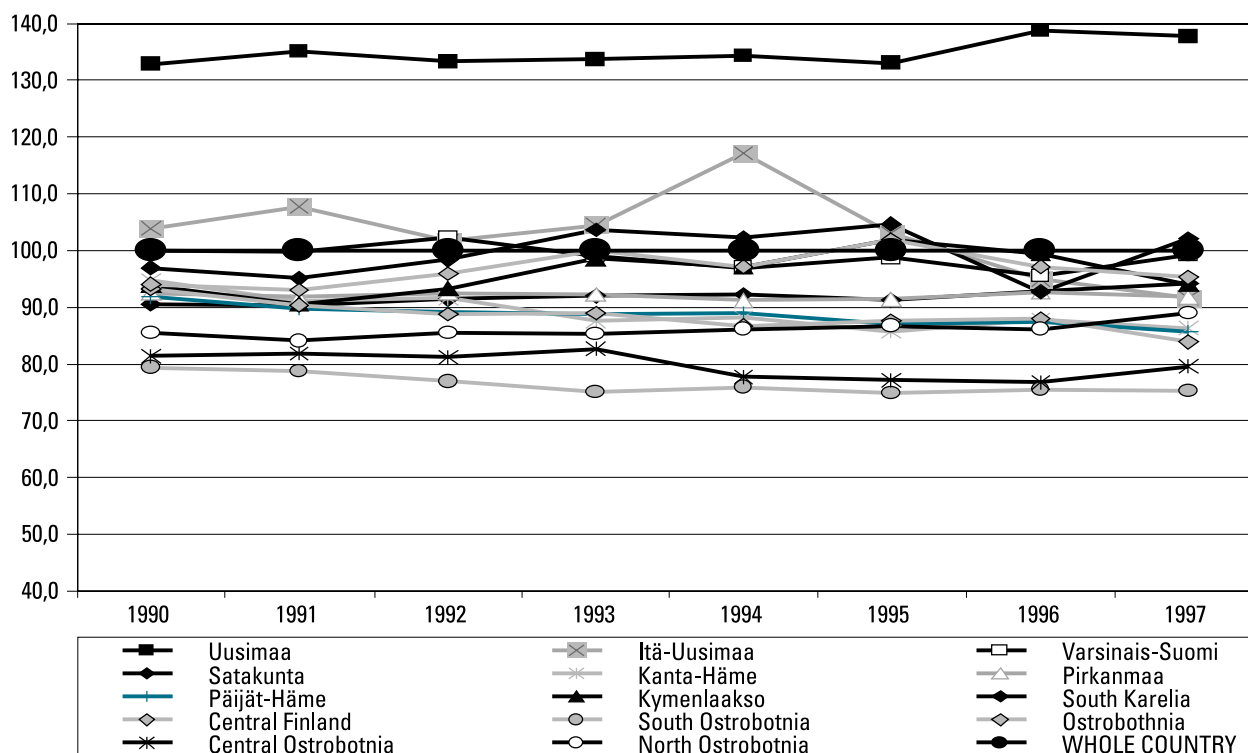


Figure 6. GDP/capita in the area outside Objective 1. Source: Statistics Finland.

In municipalities located in sparsely populated rural areas and rural heartland areas unemployment decreased in 1996-1999 somewhat more slowly than in the whole area on average, and the share of the unemployed in the labour force is still clearly above the average of the area. The share of long-term unemployment has decreased in urban areas, but in the rural areas this has increased.

In the area concerned the processing sector, private services and public services each employ about a third of the population. The share of jobs in the processing and private services is much higher than in the other parts of the country.

Important sectors in terms of employment, apart from agriculture, include food industry and forestry, but their significance decreased during the past decade. The number of jobs in food industry fell due to the opening of the borders and increased competition. In 1998 the number of people employed in the food industry was about 40,000. The number of people employed in forestry decreased rapidly in the early part of the 1990s, and at present forestry employs about 13,000 people in the area concerned.

The number of mechanic wood processing plants in the area is about 4,000, and these are estimated to employ 20,000 people. In the whole country companies manufacturing metal industry products employ almost 30,000 people. Most of the total of about 50,000 jobs in the manufacturing of machinery and implements in Finland are located in Uusimaa, Varsinais-Suomi, Pirkanmaa and Häme.

The total number of people employed in electronics industry is around 50,000, and almost 20,000 of these are in Uusimaa. Electronics industry is an important employer in Varsinais-Suomi, North Ostrobothnia, Ostrobothnia and Central Finland as well. Most of the companies in this sector are quite small, and more than half of them employ fewer than 5 persons. In recent years new companies have entered the field quite rapidly, and the number of companies has grown by more than a quarter since 1992 and the number of people employed has increased manifold, by about 5,000, in the past five years.

Tourism is less significant as an industry and source of additional income than in Lapland and the Finnish Lake District. According to the rural business register of the Agricultural Eco-

Type of area	Unemployed 1996	%	Unemployed 1999	%	Change in unemployment 1996-1999 %
Urban area	221 571	18,3	170 663	13,6	-4,7
Urban-adjacent rural area	50 458	15,9	37 417	11,5	-4,4
Rural heartland area	55 044	16,4	41 471	12,5	-3,8
Sparsely populated rural area	11 549	18,6	9 124	15,3	-3,4
TOTAL	338 622	17,6	258 674	13,1	-4,5

Table 14. Unemployment in the area outside Objective 1.

Source: Ministry of Labour (the unemployment figures of the Ministry of Labour are higher than those of Statistics Finland due to differences in the statistical basis. The unemployment figures of the Ministry of Labour follow the practices of the International Labour Organization ILO and the EU statistics agency EUROSTAT. The statistics of the Ministry of Labour are based on legislation and administrative orders.)

1998	Urban area	Urban-adjacent rural area	Rural heartland area	Sparsely populated rural area	TOTAL
Primary production %	0,8	6,8	16,4	18,1	4,2
*incl. forest %	0,2	0,5	1,0	2,7	0,4
Processing %	25,8	36,6	31,6	26,7	28,0
Private services %	40,5	25,8	22,6	23,5	35,7
Public services %	30,7	27,6	25,9	27,8	29,5
Unknown %	2,2	3,3	3,6	3,9	2,6
TOTAL	100,0	100,1	100,1	100,0	100,0

Table 15. Structure of industries in the area outside Objective 1.
Source: Statistics Finland

nomics Research Institute, the number of enterprises offering tourism and recreational services in the area concerned is less than 1,800, which is about 56 per cent of all rural enterprises operating in this sector in Finland.

63 per cent of all Finnish farms and 72 per cent of active farms are located in the area not covered by Objective 1. The share of active farms in all farms is higher than in the whole country on average. 76 per cent of the arable land area in Finland, 1.7 million ha, is in this area. The largest farms are located in the southern and south-western parts of the area, i.e. in Varsinais-Suomi, Uusimaa and Häme, while farms whose size is below the average are in Central Finland, South Karelia and Pirkanmaa.

Measured by the arable area the average farm size is larger than in the other parts of Finland, and in Southern Finland, in particular, farmers have more wage and other entrepreneurial income than in Northern and Eastern Finland.

Agricultural production in the area is very diversified, but the different production lines are for the most part concentrated to certain parts of the area. 24 per cent of the farms practise dairy husbandry, 6 per cent raise beef cattle and 8 per cent practise pig husbandry as their main production line. Most of the pigmeat production in Finland is located in this area, especially in its western parts. Almost all egg production in Finland occurs in this area, and egg production is the main production line in 2 per cent of the farms.

Type of area	Farms 1995	Arable area ha/farm 1995	Farms 1998	Arable area ha/farm 1998	Change in number of farms 1995-1998	Change in arable area ha/farm 1995-1998
Urban area	4 784	26,7	4 274	30,0	-510	3,3
Urban-adjacent rural area	14 303	26,0	12 845	29,4	-1 458	3,4
Rural heartland area	41 980	24,0	37 574	27,5	-4 406	3,4
Sparsely populated rural area	6 819	17,8	5 971	20,5	-848	2,7
TOTAL	67 886	24,0	60 664	27,4	-7 222	3,4

Table 16. Farms and arable areas in area outside Objective 1. Source: Ministry of Agriculture and Forestry / IACS register, Farms 1995, 1998

Cereal production is highly important, and 40 per cent of the farms report this as their main production line. In Uusimaa cereal production is the main production line on almost 60 per cent of the farms. The share of crop production in the production structure is growing, while the role of livestock producing farms is diminishing. This means that an increasing number of farms do not offer gainful employment all year round, and especially on cereal farms working outside the farm is quite common. In rural heartland areas and sparsely populated rural areas, where finding work outside the farm is more difficult, farmers search for employment opportunities by developing small-scale entrepreneurial activity in connection with farming. Pluriactivity is becoming more and more important for the rural population.

2.4 Åland

The Åland Islands are located in the archipelago between Finland and Sweden. Åland is a demilitarised, self-governing region, which belongs to Finland. Based on the Act on the Provincial Autonomy of the Åland Islands, which has the status of a constitutional act, the people of Åland have the right to enact provisions on their internal matters and make the decisions concerning the budget for the province. Decisions on the legislation for the Åland Islands are made at the Provincial Government of Åland, and the provincial administration deals with a number of issues pertaining to the State administration in Finland. Demilitarisation means that no military troop may be located in the area and the area may not be fortified.

The Province of Åland is the smallest and westernmost of the Finnish provinces. The total area is 1,551.93 square metres, which is only 0.46 per cent of the area of Finland. There are 16 municipalities, and in these there are no action groups that would have wished to be involved in LEADER+.

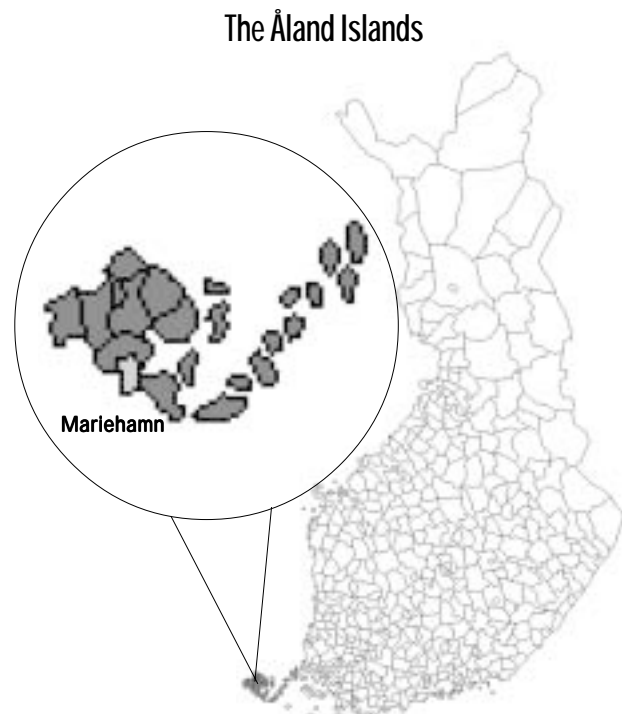


Figure 7. Regional Rural Programme and Objective 2 area on the Åland Islands.

There is a separate rural programme for Province of Åland, which covers the whole area. Åland also has an Objective 2 area of its own, including all municipalities, except for the town of Mariehamn.

2.4.1 Population

There are 25,626 inhabitants on the Åland Islands, which is 0.5 per cent of the population of Finland. Of the 6,500 islands and rocky islets of the Åland Islands 65 are inhabited. The population density is 16.5 inhabitants per square kilometre. 90 per cent of the population lives on the main islands. The capital of the province is Mariehamn, which is also the largest municipality in terms of the population.

The population is growing in Mariehamn and its surroundings, while the small archipelago municipalities are losing their population. The net migration to the area was 149 persons, which is 0.6 per cent of the total population of the province.

2.4.2 Socio-economic description

In 1997 the GDP per capita in the Province of Åland was 119.4 per cent of that in Finland, and it is also higher than the EU average. The rate of unemployment is low, especially in the summer. It varies between 0.0 per cent in Sottungan and 5.3 per cent in Kumlingen, which is the lowest rate of unemployment in the EU. When unemployment increases, more people leave the area to search for employment and education opportunities, mostly in Sweden. There are no establishments of higher education on the Åland Islands.

The main industries in the Province of Åland are shipping, agriculture and fishing. Tourism is highly significant, but it is only seasonal. As a result of the increase in the tourism and service sectors the importance of the traditional main industries had decreased to some extent, but they are still quite significant in terms of the employment of the archipelago region.

2.5 Equality; women, men and young people

In Finland the education level of women is about the same as that of men, especially in the case of young women. 57.7 per cent of the population (over 15), 58.5 per cent of men and 57.0 per cent of women, have a degree from a vocational school or polytechnic or an academic degree. Of those who have a post-basic education degree 58.5 per cent are men and 57 per cent are women. 22.5 per cent of these have an academic degree. In the case of academic degrees the share of women is slightly higher than that of men, i.e. 21.2 per cent of men with post-basic education degree have an academic degree while in the case of women this is 23.7 per cent. Young people are in general more highly educated than the older generations. (Statistics Finland)

The share of people with academic degrees has grown in both rural areas and population centres, but the share of those with an academic de-

gree in the population over 15 in rural areas is still only about half of that in urban areas, and the share of people with secondary-level degrees is also higher in population centres. (Statistics Finland, surveys 1999/2, Rural areas in Finland in the beginning of EU membership – Rural indicators, pp. 158-159)

Of the working-age population the number of men employed is 100,000 larger than that of women. The share of the employed labour force is about 40 per cent of the population of Finland. 42 per cent of men and 37 per cent of women are employed. In the case of young people the share of the employed is smaller as most of them are still students. In the past three decades the rate of unemployment has in general been lower among women than men, but in the past five years the unemployment rate of women exceeded that of men. In 1999 the rate of unemployment was 10.7 per cent among women and 9.8 per cent among men. The wage level of women is much lower than that of men, and the average earnings of the regular working hours of women are 80 per cent of men's earnings. (Statistics Finland)

In sparsely populated rural areas the rate of unemployment is much higher than in the other parts of the country, while in rural heartland areas the rate of unemployment is below the average. In some sparsely populated rural areas the high rate of unemployment has become a permanent problem. Instead, long-term unemployment is less common than in rural heartland areas or urban areas, mainly due to the active employment policy measures. Unemployment in sparsely populated rural areas might be characterised as periodical unemployment. Long-term unemployment affects mainly those more advanced in years.

Among the young there is less unemployment in sparsely populated rural areas than in urban areas, while among the young unemployment is partly hidden unemployment reflected in the sta-

Type of area	Share of women (31 Dec 1998) %	Share of young people (age 15-30) (31 Dec 1998) %	Net migration 1999	Net migration women 1999	Share of women in net migration	Net migration young (age 15-30) 1999
Urban area	52,3	20,6	9 147	5 312	58,1	15 833
Urban-adjacent rural area	49,9	16,6	1 968	841	42,7	-3 6 44
Core rural area	50,1	16,4	-4 522	-2 651	58,6	-6 161
Sparsely populated rural area	49,2	15,0	-6 593	-3 502	53,1	-6 028
Whole country	51,2	18,7				

Table 17. Share of women and young people in the population and their net migration.

Source: Statistics Finland.

tistics. In rural areas women often withdraw from working life or work part-time. Some rural people are not entitled to unemployment benefits due to income from farms, and these are not included in the unemployment statistics. Rural unemployment also falls due to the migration to urban areas. (Publications of the Ministry of Agriculture and Forestry 9/1999, Countryside in transition – rural policy report, Raija Volk, pp. 32-34)

Women have taken an active part in the local action groups in the LEADER II and POMO programmes, and the share of women in the boards of the action groups and among the employees as well as in the projects has been at least equal to men.

Depopulation is a serious problem and threat in the rural areas. This concerns, in particular, the young people, who migrate to the population centres to find education and employment. In 1999 the net migration of the young from rural to urban areas was 15,833. The migration of women away from the rural areas is also a serious problem. More women than men move away from the rural heartland areas and core rural areas, and the age and sex structure becomes more and more distorted.

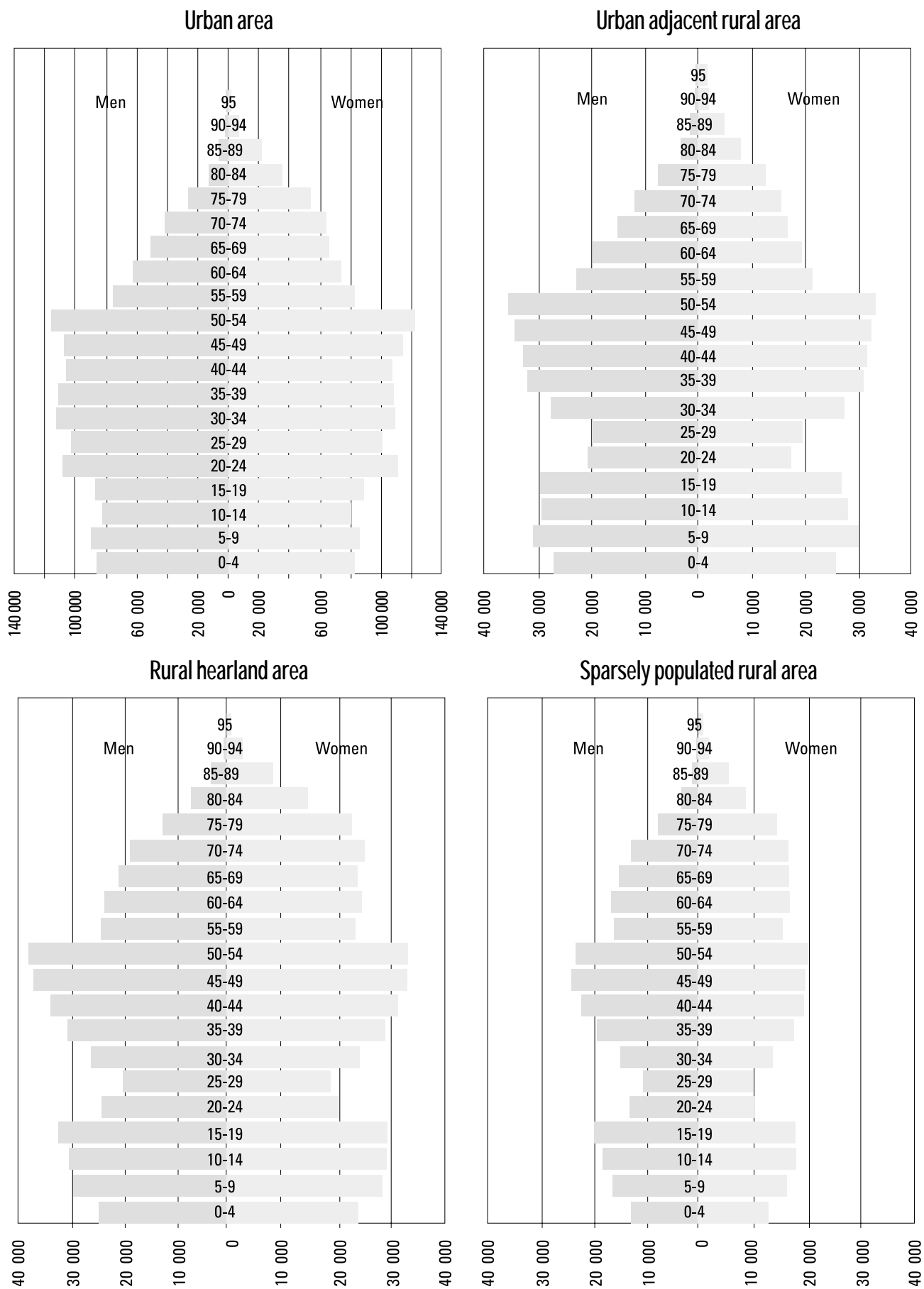
The age structure is already quite distorted in the rural areas. Even if the migration came to an end, the small number of people in the youngest

age groups and working age women in proportion to men lowers the birth rate. In the future the rural population is going to decline rapidly, if the current migration trends continue. People moving away from the rural areas are in general more highly educated than those who are staying, and thus knowledge and skills are concentrated to certain areas in Finland, which will also be reflected in the structure of industries.

2.6 State of the environment

Finland is located in the northern coniferous forest zone, which is characterised by the large share of peatland and watercourse area, strong variation in the climatic conditions between the seasons, short growing period, barren soil and extremely vulnerable ecological balance.

The pure, healthy and high-quality environment in Finland as well as the service network and cultural environment in rural areas provide excellent opportunities for rural development. The purity and high quality of the environment are competition factors which have not yet been utilised to the maximum in Finland. The safety of the Finnish natural products and goods manufactured from these is a significant strength. The use of pesticides is at a very low level, pollution transmitted in the air is small, and the heavy metal content in plants is also very low. The majority of forests are not treated with fertilisers or other chemical substances. The most significant



Figures 8-11. Age pyramid (31 December 1998) in urban areas, urban-adjacent rural areas, rural heartland areas and sparsely populated rural areas. Source: Statistics Finland

strengths in terms of the so-called ecotourism are the purity of the nature, large number of forests and lakes, snow, light, extensive wilderness areas, accessibility and good services. Landscapes, pure environments and natural resources constitute the production factors for entrepreneurship relating to the nature, and it is very important to preserve these and improve their quality. For the most part the state of the Finnish forest environment is good.

The Finnish forests are under quite intensive utilisation in forestry. Wood processing industry has for a long time been one of the cornerstones of the Finnish economy and especially in Eastern and Northern Finland, where most of the Finnish forest resources are located, it is a central factor for the regional economies. Conservation areas are quite unevenly distributed so that the majority of the protected forests are located in Northern Finland. The significance of the conservation areas for tourism has grown.

One special feature in the land ownership in Finland is the large share of the private land owners, i.e. about two thirds of the forest area is owned by private persons. An increasing share of forests are owned by urban dwellers. There are altogether 920,000 forest owners in Finland, and the number of forest holdings of over 1 hectare is 440,000. Farmers own about 31 per cent of all privately owned forest land.

The scattered forest ownership is problematic for example when forests are used for the production of tourism and recreational services. Efforts have been made to solve the problems by combining the planning concerning the entrepreneurial activities of villages to the forestry plans made jointly by the land owners. All land owners will be available for the drawing up of the forestry plans, and at the same time issues concerning e.g. the recreational needs of the local residents, the needs of tourism enterprises, landscape and other protection, hiking routes, etc. can be discussed.

The quality of the inland waters in Finland is also good. These are usually quite shallow, with poor buffering capacity, which makes them susceptible for eutrophication and acidification. Finland has abundant groundwater resources and in most cases the quality is also good, but the problem is that they are quite unevenly distributed to different regions so that the resources are scarce in the most densely populated areas where the consumption is the highest. Sea areas suffer from eutrophication. Emissions from the neighbouring countries also influence the loading of the Gulf of Finland in an essential way.

The air quality is in general quite good in Finland. The most serious problems are caused by the emissions from traffic in the population centres and from large industrial plants as well as long-distance pollution from both the south and east.

In recent decades biodiversity has declined due to settlement and industrial activities. This affects, in particular, the species depending on old-growth forests, groves, high-nutrient peatland, small waters and habitats based on traditional cultivation and pasturing practices. About half of the endangered species live in forest or peatland.

The objective of the NATURA 2000 programme is to make sure that an adequate amount of all original and valuable ecotypes and ecological entities are preserved so that the species living in these will survive for the future generations. The NATURA 2000 proposal for Finland contains 1,458 areas based on the nature and bird directive of the European Union, and the total area of these is about 4.8 million ha. Three-quarters of the area is land and a quarter is water. The proposal of Finland covers about 12 per cent of the total area. 97 per cent of the areas have already been included in conservation programmes or reserved for these.

Cultural landscape is closely linked to the relationship between people and the land, forms of

land use as well as production technology relating to the use of natural resources, which are changing all the time, resulting in changes in the landscape. Cultural landscape is an essential part of the identity of the inhabitants and citizens, and it influences the attractiveness of the places of residence and tourism a great deal.

The increased concentration of people to population centres, rural depopulation as well as the growth in the unit size of agriculture have led to major changes in the rural landscape, especially during the past decade. The open areas are becoming overgrown, pastures are disappearing where there is no longer any grazing livestock, the range of crops becomes less varied, and in many areas empty houses and production buildings show that the people are leaving. On the other hand, the number of holiday homes is increasing in the rural areas, and in many cases these are becoming second homes that are used round the year.

2.7 Results of the previous programming period and development needs based on these

2.7.1 LEADER II programme

In the programming period 1995-1999 two LEADER II programmes were implemented in Finland by altogether 22 LEADER groups. 12 of these operated in Objective 5b area and 10 in Objective 6 area. The EU contribution to the Finnish LEADER II programmes totalled EUR 16.48 million (FIM 97.96 million) in Objective 1 area and EUR 12.21 million (FIM 72.62) in Objective 6 area, and the amounts of national public funding were the same. The private funding for the programmes totalled EUR 21.09 (FIM 125.36 million) in the LEADER areas in the Objective 5b area and EUR 11.55 million (FIM 68.66 million) in LEADER areas in Objective 6 areas. In 1997-1999 altogether 2,817 projects received funding through the LEADER II programmes, of which 1,716 were in Objective 5b area and 1,101 in Objective 6 area.

LEADER II succeeded well in establishing its position among the EU funded and national rural development programmes, and the objectives concerning the increased co-operation between the different parties and activity of the local residents were reached even better than expected. Due to the emphasis on local initiative the LEADER methodology is particularly well suited for activating the rural population. It has been easy for the local residents to come to the LEADER offices, and thus new people have become involved in rural development, bringing along new ideas. The faith of the rural residents in the possibility to influence their own lives and the decision-making has increased due to the new channel provided by the LEADER programme.

LEADER II programme also contributed to the creation of new, especially part-time jobs in rural areas, as well as the establishment of new enterprises. By the end of 1999 LEADER II programme (Objective 5b and 6 areas) had contributed to the creation of 973 full-time and 1,570 part-time jobs, and altogether 24,233 people had participated in the information and training sessions. The LAGs have also directed a considerable number of project proposals to the other rural development programmes.

Based on the mid term evaluation, however, the LAGs were not completely satisfied with the number of new jobs and enterprises, and LEADER II groups considered this to be an even more important objective in the future. Now the local residents have been involved and activated, and the next stage will be to channel the enthusiasm more strongly into action. The objective concerning the creation of new jobs and enterprises is well in harmony with the general objectives of LEADER+, i.e. improving the economic viability in rural areas.

The LEADER methodology is new to the new LAGs, and in the case of these involving and animating the local residents constitutes an important phase in launching the programme. In

LEADER II the best results were achieved particularly in animating the rural residents.

Because activity based on the local action groups was considered an important aspect of rural development, it was supplemented through national financing to altogether 26 POMO groups (Rural Programme for Local Initiative), which operated in 1997-1999.

Other rural development programmes

POMO programme

The rural programme for local initiative was financed nationally, and thus it was not tied to the areas covered by the EU programmes. POMO groups operated in the Objective 6, 5b and 2 areas as well as outside these. The number of groups was 26, and their territories covered about a third of the area of Finland.

The programming period was 1997-1999. The contribution of the Ministry of Agriculture and Forestry was FIM 28 million in each of the three years, which was 50 per cent of the financial framework of the POMO group. The other half consisted of private financing and/or municipal funding or possible other State funding. The share of the private and/or municipal funds had to be at least 25 per cent. The total financing for the programme amounted to about FIM 190 million.

POMO involves no funding directed at small enterprises, and the total number of projects implemented in the programming period was more than 1,800.

The POMO groups have contributed to the creation of new full-time, part-time and periodical jobs or renewal of old jobs, and they have also promoted co-operation and networking between the different actors and parties. The projects concerned e.g. the construction of new co-operation networks, development plans for villages and various kinds of service units. Hundreds of courses

around the different themes were organised, and the multiplier impacts of the programme were considerable. POMO programme complemented and boosted the implementation of the other programmes by feeding project applications and ideas corresponding to about FIM 80 million to other financing sources.

The POMO groups drew up three-year development plans for the development of their own territories, and the Ministry of Agriculture and Forestry allocated funds for the groups annually on the basis of the economic and activity plans. Before drawing up the plans the POMO groups had called in project applications from the areas concerned and selected the measures considered the most appropriate for the implementation of the development plan to be included in the economic and activity plan.

The assistance from the Ministry of Agriculture and Forestry was paid on the basis of the progress of the development plan in each POMO group. The maximum of 25 per cent of the annual appropriation to the LAG could be granted as an advance, which had to be applied for. A more detailed activity and economic plan indicating the use of funds for different measures had to be submitted before applying for the advance or the first instalment. A summary of the activities and measures of each LAG was attached to the application for payment submitted to the Ministry of Agriculture and Forestry, and the Ministry verified that the measures complied with the relevant legislation. When the following instalments were applied for an account had to be provided of the use of the previous instalment, together with an estimate of the expenses due to the programme implementation in the following period. The last instalment for 1999 was payable when the final report and account of the use of funds by the LAG had been approved. The POMO groups were responsible for the payments to the programme implementers it had selected in accordance with the directions issued for the payment procedure.

The particular strength of the POMO programme was its autonomy, as all the decisions on the financing and payments to measures were made by the LAG itself, and only the POMO group was in direct contact with those implementing the measures. The LAG provided assistance in the practical implementation as well as compiled the information needed for the payments, monitoring and reporting to the Ministry of Agriculture and Forestry.

The POMO programme involved a number of new actors in the rural development work, and it constituted a particularly significant resource in areas not covered by the EU programmes in the previous programming period. The bottom-up approach and local orientation succeeded very well in POMO, and it was easy for the leader of the measures with little experience in project work to contact the local POMO offices for advice. The programme increased the knowledge and skills relating to LAG activities and other rural development in a significant way.

The advance payment procedure of the national programme proved efficient in terms of the liquidity of the LAGs, and no problems came up in this respect.

The most serious problem in the POMO programme was the tight schedule and the possibility to apply for assistance through the programme only once a year. Due to this some of the measures selected to be financed were incomplete. At the payment stage the Ministry of Agriculture and Forestry was responsible for verifying that hundreds of measures complied with the relevant legislation based on written documents only. In some areas the work of the POMO groups was not linked to the other development work, mainly due to administrative model. Some POMO groups had to compile the annual financing from a number of sources (Ministry of Agriculture and Forestry, Employment and Economic Development Centre, mu-

nicipalities, Regional Councils, State Provincial Offices), which means that a number of different parties were also involved in the application for payments and reporting.

Objective 5b

The objective of priority 2, diversification of primary production, of the Objective 5b programme was rural development through the development of primary production and entrepreneurial activity in rural areas. Based on the mid term evaluation, assistance was allocated primarily to measures concerning the number of farms, which was a general objective of the whole programme, assigned to priority 2 (48,000 active farms). According to the objective, 4,000 farms should change their production line. The measures included in priority 2 also influenced the objectives concerning new jobs, reducing unemployment and reducing regional disparities in the development.

By the end of 1999 6,323 projects had been approved, and 37 per cent of these concerned the financing of enterprise projects.

The result objective for priority 2 established in the programme document was 7,000 new or preserved jobs. According to information collected from the projects, by 31 December 1999 the measures of priority 2 had contributed to the creation of 3,485 new jobs. For the part of the preserved jobs the monitoring data clearly overestimate the significance of the Objective 5b programme, considering the decrease in the number of jobs during the period in question.

Another important result objective in priority 2 was launching new entrepreneurial activity on 3,000 farms. By 31 December 1999 1,147 enterprises had been set up on farms and the number of other new enterprises was 772, and thus the programme had contributed to the establishment of 1,919 enterprises.

One of the objectives in priority 2 was to increase the number of product development units by 60 units. This objective was exceeded, as the number of new product development units entered to the project register is 145.

The priority is also expected to contribute to the implementation of 220 information technology, research and development projects. The number of projects directly linked to the utilisation of information technology is 78, and most of them concerned increasing the computer skills in rural areas. Increasing the use of information technology was an important aspect in several other projects as well.

The development in the number of jobs concerning the lines of businesses relevant to the strategy of the Objective 5b programme varied. According to the final report of the mid-term evaluation, Objective 5b programme had contributed into creation of 11,975 new jobs and preservation of 38,166 jobs by the end of 1998. Large percentage of the jobs created was due to the service sector where the impact of Objective 5b is mainly indirect.

By 6 September 1999 assistance through the Objective 5a programme had been granted to about 700 agricultural investments, 1,700 farms for starting-up, and 900 farms for bookkeeping. The subsidies totalled FIM 298 million and FIM 314 million were granted as interest-rate subsidy loans. The investments based on EU funding concerned mainly the building of dairy production buildings. During the same period of time the investment aid granted from the national funds totalled almost FIM 1 billion, and more than FIM 3 billion was granted as interest-rate subsidy loans.

Objective 6 programme

The general objective of the Objective 6 programme is to address the problems of sparsely populated rural areas where the development ac-

ording to the indicators for the national economy is the weakest. Objectives of the programme were implemented through all the structural funds, and a specific rural package directed at the rural development measures was included in the programme. Projects part-financed by the EAGGF concerned mainly the diversification of rural industries, especially projects promoting forestry and the use of wood as well as rural tourism. Development measures were also directed at local rural development and environmental measures.

The programme was implemented at the regional level, with extensive participation of the local actors and authorities in the planning and implementation of the strategies. Rural development measures implemented in a certain area have been integrated to each other, with special emphasis on extensive development projects concerning the focal areas.

The development and enterprise investment projects financed through the EAGGF have created 2,350 new permanent jobs and contributed to the preservation of 8,350 jobs. The measures have led to the establishment of 550 enterprises, and on more than 400 farms the programme has contributed to the launching of subsidiary industries. About 3,500 farms are involved in cooperation rings, which can be considered a significant result.

In the area covered by the plan, support through Objective 5b for farms was granted to altogether 600 agricultural investments as well as 426 projects concerning bookkeeping subsidies. Most of the financing aid from the EU was used for cattle production buildings, while all other agricultural investments have been funded nationally. Investment aid has contributed to the rapid structural development of agriculture in the areas concerned so that e.g. in Objective 6 area the production quantities have stayed at the same level or even increased slightly even if the number of farms has decreased. Start-up aid for

young farmers was granted to 760 farms in the programme area, and these totalled FIM 90.1 million. Aid for the development of the processing and marketing in the food industry was granted to 31 projects, whose cost estimates totalled FIM 102 million.

By the end of 1999 2,119 projects had been approved, and more than 1,500 of these were enterprise projects.

Among the most important areas of focus in all regions were forestry and promoting the use of wood for energy and mechanical use of wood. The number of development projects in this sector was about 100, and there were more than 500 projects related to these enterprise projects. The input to projects aimed at developing entrepreneurship and the skills of entrepreneurs, was also considerable, leading to more than 300 enterprise projects. Training, especially concerning the rural population, was a very attractive measure in all development projects. The development of rural tourism was one of the special areas of focus, which has benefited considerably from regional development work. The total number of projects implemented in this sector was 80, and the number of related enterprise projects was more than 200.

The number of projects concerning the development of new production lines or changing the production line was about 100, and 70 enterprise projects related to these were implemented. 106 projects were directed at the development, processing and marketing of agricultural and natural products, and the number of related enterprise projects was 85. 64 projects concerned the development of villages and local communities, and 40 enterprise projects were implemented in this field.

Rural Policy Committee

There was an obvious need for a national level body for co-ordinating of the co-operation be-

tween different ministries and other main organisations involved in rural policy. The Rural Policy Committee set up for this purpose assists the Government in preparing a general programme for rural development or is involved in the implementation of other general programmes. One important task of the Rural Policy Committee is to promote the different sectors that are important in terms of rural policy, and it is responsible for duties that the parties involved in rural development regard as common, best dealt with through a single body. These include the registers and statistics on different fields, certain issues relating to information, training and international co-operation, as well as extensive networking projects financed by the Rural Policy Committee. Thus the committee serves the territorial development, the numerous projects implemented in the different sectors as well as the entrepreneurs and specialists involved in these. In many sectors the development stage still calls for crossing both territorial borders and boundaries between the different fields, and co-operation and distribution of labour between the national and territorial activities are needed in this.

The Rural Policy Committee operates through theme groups and national networking projects, which in turn perform the above-mentioned tasks in co-operation with various parties. In order to develop the system, territorial activities corresponding to the theme groups and parts of networking projects are needed. The territorial activities and actions need not correspond in full to the bodies operating at the national level, but efficient co-operation and distribution of labour is essential. The Rural Policy Committee supports closer networking through publications, seminars and other information services as well as by designing research and development projects. The Rural Policy Committee may appoint persons or temporary work groups to perform the above-mentioned tasks.

The number of theme groups is 10-15, and the long-term development work at the territorial

and national level covers the following themes, among others: small and medium sized food companies (Ruoka-Suomi / Food Finland), rural tourism, women in rural development, local initiative (LEADER and POMO theme groups) long-distance employment, development of villages (village network project), natural products,

wood products (Wood Finland action programme), remote rural areas and reinforcing the expertise in rural areas (e.g. village school representative, rural PD training, training of rural and village developers). The themes change according to the needs, and the composition of the groups is also revised from time to time.

2.8 Strengths, opportunities, weaknesses and threats in rural areas

Quadripartite SWOT analysis of the Finnish rural areas

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - <i>new kind of co-operation culture created in the previous programming period</i> - high education level and large number of education establishments - traditional skills in crafts - small, local, high-quality products - nature and natural resources - spaciousness and quietness of the Finnish nature - NATURA 2000 - abundant use of information and communication technology and wireless communications - citizens' action, joint action, village action 	<ul style="list-style-type: none"> - lack of co-operation, especially in the economy - reduction in the resources and rural service network - low entrepreneurship - employment in general and decrease in the need for labour in the municipal and agricultural sector - low value added of natural products - small lots, not accepted by the main retail chains - low tolerance of the northern nature - sparse population and long distances, difficulties in all industrial activity and in maintaining services and other infrastructure - decrease in the population, especially in the number of more highly educated, women and the young, distorted age and sex structure
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - utilisation and increase of co-operation - supporting micro enterprises - customized training - utilisation of crafts skills in industrial activity - product development relating to raw materials, processing - market niche for small local high-quality products because large food companies are concentrated to certain areas - networking and joint marketing of small-scale producers - small-scale enterprise projects, processing of local organic products, ecotourism - utilisation of NATURA - productive utilisation of information technology e.g. in entrepreneurial activity and long-distance employment, increased employment opportunities, reduces the problems due to long distances - proper channelling of citizens' action - utilisation of cultural heritage and special local features in e.g. tourism, which also reinforces the local identity of the people - interaction between rural and urban areas - international contacts 	<ul style="list-style-type: none"> - <i>unproductive use of resources, loss of development potential</i> - inability to invest in developing sectors - contamination of the environment - difficulties in maintaining industrial activity, services and other infrastructure

In order to make sure that new ideas will be found and experimented, local residents and organisations have to be involved in the LAGs from as many different fields as possible, and it is also important to find new people who have not participated in rural development work earlier. The development of the areas should be directed at the real needs, utilising the existing resources as efficiently as possible. One obvious threat is that the resources are used in an unproductive way and the potential development opportunities are lost. In rural areas the development is often directed to the same fields as earlier, without adequate input to the emerging and developing sectors.

In some parts of the Finnish rural area there has traditionally been very little **co-operation**. During the previous programming period, however, co-operation was started between parties where this did not use to exist, such as associations and enterprises. The new kind of co-operation culture is an important resource, which should be utilised e.g. in the diversification of the rural industries. The significance of co-operation is increasing, because the reduction of the rural service network and other resources directed at rural areas makes it more and more difficult to manage on one's own. One of the objectives of LEADER+ is to continue and increase the co-operation between the LAGs and regional and local authorities as well as to find new forms and fields of co-operation.

The LAGs consider the promotion of **entrepreneurship** in each area the most important issue in the development work. **Micro enterprises** are important for the employment in the countryside, and supporting these will be continued and intensified in LEADER+. Micro enterprises may be sources of voluntary or part-time employment for farmers who need an additional income source or quit agricultural production. Micro enterprises often start by employing 1-2 persons; often only the person starting the enterprise, but successful companies may grow later

on so that they need more labour than the farm family alone. New ideas are often quite small, but in best cases they may create employment opportunities for a large number of people. Several small companies may also employ more people than few large ones. The establishment of small enterprises has significant indirect effects on the viability of the countryside as families go on living there.

The number of entrepreneurs has traditionally been small in Finland, compared to many other countries. The industrial structure of many rural areas is also too one-sided. In the 1990s the employment in both agriculture and the municipal sector decreased considerably and the share of the unemployed in the working-age population is still quite high, which means that new companies are needed in the rural areas to diversify the industrial structure and provide new employment opportunities.

Starting a company requires capital, as well as ability to take risk. One way to promote and develop the establishment of new companies could be through **training** customised to the needs of the rural residents. The development of new ideas often calls for appropriate training as well, which is usually not available in the regular training programmes of educational establishments. However, the high education level and large number of schools and colleges provides an excellent framework for the organisation of training directed at the special needs of rural residents together with specialists in different fields. For example, the skills in crafts could be utilised industrially much more than is being done at presents. More efficient utilisation of information technology requires inputs both in the basic skills and special skills needed in running an enterprise.

In addition to the one-sided industrial structure and decrease in the number of farmers, the low degree of processing of natural resources is a serious handicap. The price paid for the raw mate-

rial is much lower than the price of the processed goods, and thus **small-scale product development and processing of the raw materials** would diversify the structure of industries and increase the income from the local raw materials. The strong concentration of large food companies has created a market niche for local high-quality products, which is reflected e.g. in the continuous increase in the demand for organic products. The most serious problem has been to get the products of small-scale producers to the market, because many large retail chains take goods for sale in relatively large lots only, which small-scale producers are not capable of supplying. The situation could be improved through networking and joint marketing.

The **nature and natural resources** are the main strength of the Finnish countryside. Owing to the sparse population and long distances the Finnish nature has stayed purer and more intact than in most other parts of Europe. On the other hand, the tolerance of the northern nature is lower than in the south, and thus the risk of pollution and contamination is also greater and significant inputs in the protection of nature are needed. The LAGs emphasise the sustainable utilisation of the nature and natural resources through e.g. small-scale environmental projects, processing of local natural products and ecotourism. Small-scale tourism also takes better advantage of the spaciousness and quietness typical of the Finnish nature, which cannot be found anywhere in Central and Southern Europe. It is also possible to utilise the NATURA 2000 areas in tourism.

Sparse population and long distances are also one of the most serious problems in the rural areas in Finland. They constitute a major obstacle to all industrial activity and make it difficult to maintain the services and other infrastructure, because the number of potential residents is small. The long distances also make it practically impossible for people living in the rural heartland areas and remote rural areas to work in population centres.

Compared to the other countries, **information and communication technology** as well as wireless means of communication are used a lot in Finland. Information technology as such does not promote industrial activities, but it must be used in an efficient way, and this calls for extensive development measures. There is already a lot of information technology available in the Finnish countryside, and more efficient utilisation of this e.g. in rural enterprises or long-distance employment for companies located in population centres create new employment opportunities. New information technology alleviates the problems caused by the long distances, especially in the rural heartland areas and remote rural areas.

Citizens' action is an important resource in the rural areas, and through proper channelling this may yield excellent results. There is a large number of associations in rural areas, such as the Women's Advisory Organisation for Development of Rural Areas, farmers' societies, and village associations. There is a long tradition of co-operation in villages, and this has been strengthened through the village activities. The work of the LAGs during the previous programming period also made a significant contribution to activating the residents. Residents' and citizens' actions improve the attractiveness of the rural areas as places of residence and improve the quality of life and the living environments. However, actions animating the residents and improving their environments need to be complemented by economic actions, as it would be impossible to maintain the rural population without making it possible for them to earn their living. Cultural heritage and special local features can be utilised in tourism and by organising various kinds of events in rural areas. This also activates the people and strengthens their residential identity.

In recent years the rural population has decreased considerably in Finland, and the migration of **young people and women** has been a particularly

serious problem. People migrating from the rural areas are also usually more highly educated. The migration is reflected as a distorted age and sex structure, e.g. the disproportionately high share of pensioners in the rural population. LEADER+ lays special emphasis on equality, especially in increasing the interest of the young in developing their home district. Keeping the rural areas populated depends largely on how the young people could be made to stay in their native place or come back after their studies.

Equality between the sexes by no means refers to increasing measures directed at women, even if the emphasis on women and young people runs through the whole LEADER+ programme. In Finland women work outside the home just as much as men. More than half of the jobs created through LEADER II were directed at women. However, the number of unemployed men is very high in rural areas and many of them lack any vocational education and are thus threatened by social exclusion, especially due to the radical changes in or even disappearance of many traditional tasks or jobs.

Interaction between the rural and urban areas aims at improving the equality between differ-

ent areas. The local markets in rural areas are very small and thus the marketing of local products in the near-by centres should be increased. Small rural companies could also make production contracts or engage in other types of co-operation with companies in the population centres.

During the implementation of LEADER II most of the LAGs started the planning of international projects together with partners from other Member States. Due to the short programming period in Finland, only a few groups reached the project stage in this, but international partners brought along new information and ideas, which the Finnish LAGs were able to take advantage of in their own work. In LEADER+ the international contacts are further strengthened and the ideas and insights relating primarily to rural industries will be utilised. **International co-operation** brings value added to the local development work when this is concerned with issues that are relevant for the areas in question. Local industries may benefit from international co-operation through e.g. networking with companies and communities operating in the same field in other countries.

3 Ex ante evaluation

The ex ante evaluation of the LEADER+ programme for Finland has been conducted in accordance with the requirements laid down in Articles 19 and 41 of the General Regulation, Commission Notice Laying down the Guidelines for the Community Initiative for Rural Development (LEADER+) (2000/C 139/05, points 26 and 34) as well as Commission Notice concerning the ex ante evaluation of the Community Initiative prior to the submission of the programme to the Commission.

The parties conducting the evaluation have to be specialists in the relevant fields as well as impartial. Prior knowledge on the principles of LEADER and other structural fund programmes was essential. The schedule for drawing up LEADER+ was extremely tight, and thus the Ministry of Agriculture and Forestry sent a request concerning the ex ante evaluation of the LEADER+ programme for Finland and the development plans of the local action groups directly to two experienced candidates, who were not involved in planning the programme nor will they be involved in its implementation, administration or financing.

In Finland the Finnish Area Research FAR, which is a research institute specialising in studies concerning the regional development in Finland and Europe, was chosen to perform the ex ante evaluation of LEADER+. The selection was based on the long experience of the evaluator in various kinds of evaluation tasks relating to the structural funds, as well as the extensive knowledge concerning the LEADER methodology. A contract made between the Ministry of Agriculture and Forestry and FAR made in September 2000 laid down the requirements for the ex ante evaluation as well as the period of time during which the evaluation was to be completed.

In the ex ante evaluation, special attention should be directed at the following issues: pilot nature of the projects, the regional dimension of the measures, with special emphasis on the local action groups, the role of networking and co-operation in the strategies, integrated approach based on sustainable development as well as the realisation of the bottom-up approach in the measures.

Ex ante evaluation also had to cover the SWOT analysis describing the current state of the rural areas, appropriateness of the programme objectives and the desired effects as well as issues relating to equality and the environment, as well as consistency of the programme with other regional support measures. The evaluation was also concerned with the implementation procedures for administration, monitoring and evaluation.

The main conclusion of the ex ante evaluation was that the programme covers the objectives set for LEADER+, and the complementarity in relation to the mainstream programmes envisaged in the LEADER+ programme has been adequately taken into account. The national programme document was based on the development plans drawn up by the LAGs, which shows that the local perspective required by the Commission has been taken into consideration when setting the objectives. The priorities and their objectives and themes are presented in accordance with the guidelines in the programme document. The general objectives of the priorities are consistent with the objectives of the LEADER+ programme. The quantitative and qualitative objectives of the priorities are appropriate and consistent with the programme objectives. The dual dimension of LEADER+ has in general received adequate emphasis in the objectives, and the expected impacts are in line with the initial situation and objectives.

The description of the state of the environment in the programme was considered appropriate, taking into account the national coverage of the programme concerning the area concerned and biodiversity. The description of the state of the environment covers both the natural and cultural environments, with special emphasis on the pure and healthy environment as competition factors that have not yet been adequately taken advantage of. These opportunities have also been included in the SWOT analysis, which forms the basis for the selection of strategies in the programme.

In the LEADER+ programme for Finland equality is mainly seen as equality between the sexes, but equality between the different age groups is by no means neglected. Equality is considered from the perspectives of education, employment, wage level, social participation, participation in the LAGs and migration. The emphasis on equality runs through the whole programme document, and in the description of the current state of rural areas the adequate attention is directed at the realisation of equality and the problems in this so that the minimum requirements of the Commission are actually exceeded.

With respect to the administration of the programme the ex ante evaluation points out that the shift of the decision-making power to the LAGs will not be realised. Compared to the LEADER II programme the administration has been revised e.g. by concentrating the decisions on financing to the Rural Departments of the Employment and Economic Development Centres, instead of involving both the Rural and Enterprise Departments. The facts that the official decisions on financing are not made in the LAGs will not risk the autonomy of the groups, because the authority may deviate from the proposal of the LAGs only for particularly weighty reason, and the LAGs may not be disregarded in the decisions concerning the projects. The distribution of labour calls for close and constructive co-operation between the LAGs and territorial aut-

horities, which was for the most part realised already during the LEADER II period. The methodology has been developed in the direction pointed out by the evaluator so that it is the LAG which maintains the contacts to the project implementers, and the LAGs also prepare the payments. The establishment of the indicators for monitoring and monitoring in general is considered to receive adequate emphasis, utilising the experiences from the previous programming period, and special attention has been directed e.g. at the compilation of the initial data.

The most important proposals concerning the complementation and revision of the programme put forward in the ex ante evaluation concerned more extensive analysis of the actions of the previous programming period, clarification of the objectives and strategies, more extensive description of the other national support measures as well as revision of the classification of indicators.

An analysis of the nationally funded POMO programme for 1997-1999 complementing the LEADER II programme has been added to the programme. The impacts of POMO were also described in the draft sent for ex ante evaluation, and now a more extensive account of the quantitative and qualitative results as well as the administrative procedure from the perspective of the POMO groups and administration have been included in the programme document.

The general objectives and strategies to achieve these are consistent with each other, but the way they are presented in the programme document should be clarified. Special attention has been directed at this point in drawing up the final version of the document. However, the LEADER+ programme for Finland is based on the development plans of all the 57 LAGs that applied for funding, and thus no major revisions could be made in the objectives and strategies without jeopardising the required emphasis on the local perspective.

In the LEADER+ programme for Finland the economic viability receives considerable emphasis, and thus promoting entrepreneurship occupies a central position in the programme. In the ex ante evaluation this is considered appropriate, and LEADER+ programme should specifically be directed at the rural micro enterprises. In the draft submitted for evaluation entrepreneurship refers primarily to small and micro enterprises, as LEADER+ is not intended to constitute a means of financing large-scale entrepreneurial projects. According to the Finnish legislation, funding through LEADER+ is available for enterprises employing no more than five persons.

In the draft submitted for evaluation it was proposed that the share of enterprise projects should be 35 per cent of all projects, but in the evaluation it was suggested that the share of enterprise projects should be larger. However, based on the statements from the interest groups and re-analysis of the objectives the share of enterprise projects was lowered to 30 per cent, and it is specified in the document that this target level refers specifically to direct enterprise support projects. In addition to this entrepreneurial activity will be promoted through the development projects for enterprises as well as general development projects. Thus entrepreneurial activity will receive more extensive support than through the direct enterprise support alone.

According to the ex ante evaluation, the LEADER+ programme for Finland should contain a more extensive description of the national measures relating to rural and regional development, employment and the environment. During the preparation process all of these have been used as background data, and LEADER+ programme has been drawn up taking into account the outlines and measures presented in the different programmes to avoid any overlapping between the programmes or conflicts in relation to the national employment and environmental objectives. After the ex ante evaluation a descripti-

on of the national measures and programmes was added to the programme document. It should also be noted that the development plans of the LAGs contain detailed accounts of the implementation of the other programmes in the areas concerned, and thus the complementarity, synergy and overlapping with other measures implemented in the areas are well accounted for.

Other comments and additions proposed in the ex ante evaluation have been included in the relevant sections of the programme document. Consequently, the results of the ex ante evaluation have been taken into account as laid down in Articles 19 and 41 of the General Regulation and requirements of the Commission Notice Laying down the Guidelines for the Community Initiative for Rural Development (LEADER+) (2000/C 139/05).

The ex ante evaluation took the full-time work input of one person for altogether 17 days. The evaluation was based on anticipatory approach, mainly using the matrix method. The draft of the LEADER+ programme document for Finland subjected to the evaluation was dated 11 September 2000. The report of the ex ante evaluation is given in Annex 2.

After submitting the report, the Finnish Area Research, which conducted the ex ante evaluation, was requested to complement the evaluation for the part of the analysis of the Finnish rural areas.

In addition to the ex ante evaluation of the draft for the LEADER+ programme for Finland, an external ex ante evaluation will be made concerning all the development plans of local action groups submitted to the Ministry of Agriculture and Forestry (altogether 57) prior to the selection of the local action groups. The LAGs should be selected as soon as possible after the approval of the LEADER+ programme for Finland, and thus the Ministry of Agriculture and Forestry has already designated the University of Helsinki Mikkeli Institute for Rural Research and Trai-

ning to conduct the external ex ante evaluation of the development plans of the LAGs. The Unit possesses a great deal of expertise in the LEADER II programme as well as rural development on the national, territorial and local level. The purpose of the ex ante evaluation of the development plans is to secure the objectivity and transparency of the plans made by the LAGs. External evaluation also provides valuable data to the

parties making the final selection on the LAGs to implement LEADER +, the feasibility of the proposed development plans as well as whether their budgets are realistic.

All the costs due to the ex-ante evaluation of both the LEADER+ programme for Finland and the development plans of the LAGs are paid from the national funds.

4 Objectives and strategies of the programme

4.1 Development objectives and strategy

The objective of the LEADER+ programme is to experiment with new ideas for rural development. This may concern the development of new products, services and production methods or new kind of co-operation in development measures. Work based on valuable new ideas may be continued based on other financing. The LAGs are responsible for the implementation of the programme, and thus the implementation strategies vary in different territories.

In their development plans each LAG defines their own measures and special goals based on the particular characteristics of the area. This programme document is based on the development plans drawn up by the LAGs. The general framework for LEADER+ should be as extensive as possible. The projects are in general implemented for a period of eight years, and thus the programme is not restricted to concern one sector or certain sectors only.

LEADER+ programme aims at increasing and diversifying the preconditions for industrial activity and attractiveness of rural areas mainly through small-scale measures suited for the special characteristics of each area. The ideas of the rural residents, training and more extensive co-operation are expected to contribute to the creation of new jobs and enterprises as well as to other new kinds of activities.

Activities such as those based on the LEADER programmes are particularly well suited for promoting co-operation in rural areas. The Finnish countryside is characterised by scarce and scattered resources. The LAGs bring together the different parties, rural residents, local companies and associations as well as local authorities, to co-operate for mutual benefit. LEADER+ increases

and reinforces the co-operation by financing joint projects between the different parties, in particular, when the co-operation is directed at promoting industrial activities e.g. by means of joint marketing efforts of small-scale producers. In addition to co-operation within the areas, efforts are being made to increase co-operation between the areas as well as international co-operation.

In order to improve and diversify the preconditions for industrial activity, special efforts are made to promote the establishment of small enterprises as well as to develop their activities and co-operation. For the most part support through LEADER+ is directed at micro enterprises. Skills needed for diversifying the rural industries will be acquired through training suited to the special needs of each area. Skills in handiwork and local raw materials, together with the nature and natural resources constitute the most important resources of the Finnish countryside, and efforts will be made to develop and utilise these as a basis for diversified industrial activities.

The education level of the rural population is still below the national average, partly due to the age structure. The rapid structural change in the rural areas and adjustment to this calls for urgent measures to raise the level of knowledge and skills. For example, it is important to make sure that the new entrepreneurs starting businesses to diversify the industrial structure possess adequate knowledge and skills. There is not enough training based on the specific needs of rural entrepreneurs related to e.g. marketing available. The management of the activities and quality of the pluriactive enterprises could be considerably improved through training.

In addition to economic viability, the quality of life in rural areas receives considerable emphasis in the programme. This can be developed based

on the traditionally active citizens' and village activities as well as professional associations. The nature and natural resources constitute one of the most important strengths in rural areas. Small-scale activity, such as LEADER, is very well suited for promoting sustainable development in both the ecological and the social and cultural sense.

Finland is a pioneer in the information and communication technology, and this also applies to the rural areas. Efficient utilisation of information and communication technology provides excellent opportunities for remote and sparsely populated rural areas with long distances to the nearest population centres. LEADER+ promotes the skills and possibilities of the rural populations in using information systems, utilisation of information as well as producing data concerning the different areas. Know-how in computer technology lays the foundations for the creation of new jobs and enterprises.

LEADER+ promotes the equality between both the sexes by encouraging e.g. the entrepreneurial activity of women and different areas by supporting the interaction between the urban and rural areas to the benefit of both parties. The young people are encouraged to stay in their home district or to return there after studies by supporting the employment of the young.

The principles of sustainable development are taken into account in all actions. In general small-scale activities such as LEADER have no major environmental impacts in the ecological sense. Projects improving the environment are encouraged. In the social and cultural sense, however, activities like LEADER influence the living environment a great deal, and this is where the principles of sustainable development can be furthered through the programmes. Through this the quality of life in the rural areas can be considerably improved.

Small-scale development work such as LEADER supports the principles of ecological, economic,

social and cultural sustainability. LEADER programme encourages projects enhancing biodiversity, such as management of traditional landscapes, regional and local recycling projects as well as bioenergy projects utilising the local raw material. The projects can be expected to have long-term socio-economic impacts, and they may not lead to indebtedness or depletion of resources. Economic sustainability is also supported by increasing the human capital through both training and development. In the social and cultural sense activities like LEADER make a significant contribution to the people living in the rural areas by giving them the opportunity for developing the areas on their own initiative as well as by preserving the local culture and increasing social interaction and local responsibility for the welfare of the territories.

Increased value added through LEADER+

LEADER+ complements and deepens the other rural development programmes through the locally oriented mode of action and highly diversified group of actors. This is closely linked to the small-scale nature of the projects, because LEADER projects are mainly implemented by the rural residents and local communities, not by large organisations. The maximum level of support for the projects to be financed is FIM 500,000 (EUR 84,094). Already in the previous programming period the financing was divided so that large-scale projects were financed through the mainstream programmes and smaller projects through the LEADER programme. The special characteristics of LEADER methodology, such as bottom-up approach, are particularly well suited to the financing of small-scale projects, but these have by no means been excluded from the other programmes, either.

The implementation of the EQUAL programme is based on the so-called development partnerships. These differ clearly from the LAGs implementing the LEADER programme. In the development partnerships the role of authorities is

more significant, while the LAGs are established by the local residents, and the local authorities constitute a minority in the composition of the LAGs. For the most part the target groups for the EQUAL and LEADER Community Initiatives are also different. In EQUAL the main emphasis is on abolishing all kinds of discrimination in the working life, and the rural residents facing difficulties in finding employment are only one small group among others. A more detailed account of the connections between LEADER+ and the other rural development programmes is given in Chapter 13.

The applicants for funding through LEADER+ are mainly actors at the local level, not established rural development organisations, while the composition of applicants in the opposite in the mainstream programmes. Local actors often lack previous experience on project work, especially the administration of large-scale projects, and thus the activity should be started from relatively small projects. LEADER methodology emphasises the animation and participation at the grass-root level. Development plans are drawn up by local residents and communities, not by large organisations and professionals in development work. This will, in turn, direct the funding at certain kind of projects.

One important requirement for projects funded under the LEADER+ programme is that they should be of pilot nature. There is no such requirement in the other programmes. Projects under LEADER+ contain activities that are new in one

way or the other in the area concerned, and thus the LAGs produce value added to rural development in their own territories.

In terms of its contents LEADER+ is more flexible than LEADER II, because the LAGs no longer implement the same sub-measures. Thus each LAG is able to concentrate on the special characteristics, development of strengths and combating the weaknesses of the territory concerned. Thus LEADER+ is capable of responding more efficiently to the needs of the local rural residents, which is one of the main differences between projects funded through LEADER+ and the other programmes.

Each LAG has selected one or two themes, which form the basis for the development plan. This reinforces the strategic aspect of the development plans and makes it possible to design the actions according to the local elements that are considered the most important.

The population density is very low in all Finnish rural areas. Development work based on LAGs is particularly well suited for such conditions, because the activity involves bringing together scattered resources and different parties to consider and solve the special problems in each territory. Through this the local expertise in different fields can be utilised to the maximum. Consequently, the fact that LEADER+ programme can be implemented in all rural areas in Finland is a significant improvement.

4.2 Quantitative and qualitative objectives of the programme

Objectives of LEADER+ and indicators for monitoring:

QUANTITATIVE OBJECTIVES	INDICATOR	Number	INDICATORS FOR MONITORING
New jobs converted into full-time jobs Of which women Of which the young (under 30 years)	Result	2 400 1 200 360	New jobs (created) converted into full-time jobs, their number, of which jobs for women / the young (under 30 years of age) Contact information of new jobs
Renewed (preserved) jobs converted into full-time jobs Of which women Of which the young (under 30 years)	Result	600 300 20	Renewed (preserved) jobs converted into full-time jobs, their number, of which jobs for women / the young (under 30 years of age) Contact information of renewed jobs
Jobs during the project / programme (AWU) Of which women Of which the young (under 30 years)	Result	1 000 500 150	Jobs during the project / programme converted into AWU and the number of these, of which women / the young (under 30 years of age)
New enterprises to be set up Of which run by women Of which run by the young (under 30)	Result	500 200 50	New enterprises to be set up, of which run by women / the young (under 30 years of age) Contact information of new enterprises Line of business of enterprises
Share of enterprise projects in all projects 35% (direct aid for enterprises)	Input		Number of enterprise projects
Training, number of days (7 hours) Of which the young (under 30 years)	Output	20 000 10 000 2 000	Number of days of training, of which women / the young (under 30 years of age) Number of persons participating in training, of which women / the young (under 30 years of age) Number of training courses / sessions Type of training: quality training, marketing skills, environmental skills, new production methods, entrepreneurship, information technology, project work, development work, equality or other
Number of persons participating in information and animation sessions Of which women Of which the young	Output	50 000 25 000 10 000	Number of persons participating in information and animation sessions, of which women / the young (under 30 years of age) Number of information and animation sessions
Organised coalitions of companies and other organisations (associations, companies, co-operatives, etc.)	Result	50	Number and contact information of associations
Share of projects with positive environmental impacts of all projects 20 per cent			Number of projects with positive environmental impacts

QUALITATIVE OBJECTIVES	INDI-CATOR	Monitoring data compiled for evaluation, a separate form for qualitative objectives and their realisation. LAGs may also set objectives of their own and indicators to monitor these.
Improvement of the environment	Impact	Projects with environmental impacts fill in the monitoring form for environmental impacts. The form, a verbal description of the positive and negative environmental impacts of the project, e.g. changes in amounts of emissions and waste, effects on landscape and biodiversity, summary of these impacts
Improvement of the quality of life	Impact	The form, a verbal description of the impacts of the project to improve the residents' quality of life, summary of these measures
Increasing co-operation	Impact	Organised co-operation rings, number of parties involved in joint projects, number of participants in training and animation sessions, accompanied by a verbal description
Increasing equality	Impact	Monitoring indicators follow the shares of men, women and the young in the results, accompanied by a verbal description
Equal opportunity for all local residents to participate in the development of the area	Impact	Number of members in LEADER+ groups, membership structure, number of participants in group meetings, turnover of the board, project applicants from various parties, information, accompanied by a verbal description
Pilot nature (and innovation)	Result	Number and type of innovations. A verbal description in particular of the transferability of the models created by the project
Curbing migration / encouraging migration towards rural areas	Impact	Summary of implemented measures, a verbal description of how well the objective reached
Increasing interaction between rural and urban areas	Impact	Summary of the implemented measures, a verbal description of how well the objective reached
Animating the residents and increased participation	Impact	Number of participants in meetings, summary of the implemented measures, a verbal description of how well the objective reached

Ohjelman kokonaistavoitteet ja seurattavat asiat on eritelty toimenpidekokonaisuuksissa A - D.

4.3 Economic, social and environmental impacts

Economic impacts

The objective of LEADER+ is to develop the industrial activities in rural areas. New enterprises and job opportunities make it possible for the rural residents to go on living in their home district, which slows down rural depopulation. Active industrial life secures the preservation of an adequate population basis to maintain an adequate level of services in rural areas, and thus the negative spiral can be stopped. The multiplier effects of industrial activity are reflected as a growing demand in both the public sector and the private service sector. Increased tax income balances the municipal economies and secures a reasonable supply of services. LEADER+ is part of the extensive programme package of the EU, which in turn constitutes only part of the factors influencing the structure and economy of rural areas, and thus it is very difficult to present any detailed account of the quantitative impacts.

Social and cultural impacts

In terms of its operational strategy LEADER+ is a development programme based on communities, which strengthens the processes of the actors relating to influence, learning and development. The work of the LAGs has involved new people in the development of rural areas as well as activated the local organisations, such as village committees. The activities create social networks, which provide various kinds of economic opportunities and improve the social environment in a number of ways. This is reflected as increased attractiveness of rural areas, and it revives and reinforces the faith in the future. This leads to growth in the viability of the whole area and more efficient utilisation of the development potential.

The LAGs have largely been based on the work of active women. The emphasis in industries in LEADER+ encourages women to take advantage

of the opportunities for entrepreneurship and self-employment. This addresses one of the basic problems in rural areas, i.e. the migration of women to population centres to find employment. As a result of the decrease in the number of jobs in agriculture and the cuts in the public sector the opportunities of women to find employment in rural areas became very scarce, and new kinds of industrial activities are needed to improve the situation.

LEADER+ also makes it possible to integrate the men who, due to the fall in the number of farms, are threatened by social exclusion from the social networks and create new jobs for them.

One problem in the rural areas in Finland is the ageing population, which increases the need to create new ways of action. Through LEADER+ it will be possible to support e.g. new small-scale service enterprises complementing the municipal services for the old people, or to develop support person networks for old people living alone. The ageing population should also be involved in the activities under LEADER to prevent the exclusion of the old people from the society and promote the transfer of their experiences and know-how as well as cultural heritage to the younger generations.

LEADER+ programme contributes in a significant way to the cultural objectives related to the principle of sustainable development, because it promotes the preservation of the national and culinary traditions, traditional landscapes as well as buildings and environments with cultural and historical value. The measures related to culture also increase the interaction between the rural and urban areas.

Environmental impacts

The LEADER II programme contained a number of projects aimed directly at improving the environment, such as landscape management, restoration of traditional landscapes and old build-

dings, revival of old building techniques, restoration of meadows and peatland areas, as well as waste and recycling projects. Similar actions will be continued in LEADER+.

The objective of LEADER+ is to preserve the viability of rural areas, improve the quality of the living environment and diversify the economic activities in order to reduce depopulation and maintain the diversity of landscapes. Measures concerning the restoration of traditional buildings and finding new uses for them have a positive impact on both the traditional landscapes and the preservation of diversity. All margin areas and variations in land use improve the living conditions of different kinds of living orga-

nisms. The rural environments can be significantly improved through active projects aimed at improving the state of the environment.

The LAGs developed various kinds of 'ecotourism' during the previous programming period, and LEADER+ will continue the utilisation of nature. The possibility for economic utilisation takes the attitudes to nature conservation into a more positive direction, and NATURE 2000 areas can also be used in tourism.

In the ex-ante evaluation of programme complement more environmental aspects according to Article 41.2 (b) of the general regulation (1260/1999) will be elaborated.

5 Actions, priority themes and measures

The structure of the LEADER+ programme:

- Selected theme
 - Action 1 and 2
 - Sub-measure
 - Alatoimenpide
(from the development plan of the group)
 - Single project

The themes, actions and measures to be selected are defined in this programme document. Sub-measures are defined in the development plan of each LAG, and thus all of the LAGs do not implement the same sub-measures. Each LAG selects the projects to be implemented in each area so that they implement at the same time one of the sub-measures established by the LAG, one measure of this programme document, action 1 or 2 as well as the theme selected in the development plan.

Priority themes in the programme

The LAGs have linked the section concerning the strategies and measures of the development plan to one or two selected themes, and all projects financed by the LAGs must contribute to the theme(s).

1. Use of new know-how and technologies to make the products and services of rural areas more competitive
2. Improving the quality of life in rural areas
3. Adding value to local products; facilitating access to markets for small production units via collective actions
4. Making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under

NATURA 2000

5. Slowing down migration from rural areas to population centres, encouraging migration towards the rural areas
6. Increased interaction between rural and urban areas

If the section concerning the strategies and measures relates to two themes, the development plan still has to remain consistent. The development plan is not only a collection of projects or juxtaposition of sectoral measures, but the leading idea has to be clear at every point. The theme selected by the LAG has to be quite extensive as well suited for the development needs of each area so that there will be appropriate project proposals relating to this for the whole period 2000-2006.

Themes 1-4 have been given in the guidelines for LEADER+ (Official Journal 2000/C 139), and they relate to promoting issues that are important for rural development in all parts of Europe. Utilisation of new know-how and technology is important to improve the competitiveness of the products and services of rural areas. As a country with a highly advanced level of technology Finland possesses excellent opportunities for this. Special attention should be directed at improving the quality of life of the rural popula-

tion to make the countryside an even more attractive place of residence. Finland is a sparsely populated country, which means that improving and securing the services, traffic and communications in the rural areas is of primary importance. Raising the degree of processing of the local products is one of the central themes in rural development. This involves encouraging micro entrepreneurs to joint action in both product development and marketing. In rural development it is increasingly important that the areas rely on their own special strengths. Rural areas differ from the other areas primarily in terms of the nature and culture, and these are more and more important as sources of employment and livelihood.

Themes 5 and 6 were proposed by the LAGs, and they are considered important for the development of all rural areas in Finland. Migration from rural areas to towns and cities continued throughout the 1990s, and this has led to a reduction in the services available in rural areas as well as depopulation. On the other hand, quite a few people living in towns and cities would be interested in moving to the countryside. Curbing the migration away from the rural areas and increasing the attractiveness of the rural areas as places of residence are vital in terms of maintaining the rural population. Increasing the interaction between the rural and urban areas intensifies the co-operation between these and thus improves the operating possibilities of the rural industries. Themes 5 and 6 are also extensive enough so that it will be possible to find appropriate projects concerning these for the whole programming period.

Actions

LEADER+ is structured around three actions:

Action 1: Territorial rural development projects

Action 2: Inter-territorial and transnational co-operation

Action 3: National network unit

The main emphasis in LEADER+ is in action 1, and 86 per cent of the public financing is allocated for this. The administration costs of the LAGs are also paid from action 1, even if some of the tasks concern action 2. The share of action 2 in the funding is estimated at 10 per cent.

Activities relating to action 3 will be financed through the national funds in 2000 and 2001. By means of national funding, in February 2000 a common network unit was set up for all LAGs funded nationally. If the work of the common network unit for all LAGs will not continue through the whole programming period 2000-2006, a LEADER+ network unit will be established no sooner than the beginning of 2002. 1 per cent of the public funding has been reserved for this, and 3 per cent of the public funding is reserved for the technical assistance operations.

5.1 Action 1) Territorial rural development projects

The objective of action 1 is, in particular, to increase activities with direct or indirect employment effects in rural areas. Through the action funding is made available for rural development projects implemented in the territory of a certain LAG and based on the ideas and needs of local residents and economic operators. The costs due to the management of the LAGs and running the office are also financed from action 1. New LAGs may add the costs of acquiring the knowledge and skills needed in the LEADER methodology to be paid through action 1. Most of the funds for action 1 are, however, used for financing the development and investment projects in the territory of the LAG.

Measures

The programme contains five measures

A. Investments

B. Development

C. Know-how

D. Administration of LAGs

E. Acquisition of skills

In addition to the theme selected by the LAGs, as well as action 1 or 2 all projects funded through the programme have to implement one of the measures A, B or C. The measures do not overlap with the themes, but projects implementing measures A, B or C may be included in all of the alternative themes.

Each LAG may have sub-measures of its own within the measures. This secures the preservation of the special characteristics of the development plans and makes sure that they are suited to address the particular focal areas and development needs as well as the special problems of each area. Figure 12 illustrates the relationship of single projects to the selected theme(s), actions 1 and 2 as well as to measures A, B and C.

The contribution of the European Union to LEADER+ is financed in full from the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-Guidance Section). In the Community Initiatives the scope of the structural funds has been extended to that of the other funds, and thus projects that in fact pertain to the scope of the European Regional Development Fund (ERDF) or European Structural Fund (ESF) can be financed through the LEADER+ programme.

General objectives of the measures

The general objective of measures A, B and C is to improve the possibilities for employment and economic activity in rural areas.

Pilot nature and innovation will receive special emphasis in the implementation of the programme. Promoting these reinforces the attractiveness of the rural areas and, in particular, the competitiveness of rural industries.

Based on the penetration principle, the objectives of both measures include co-operation, networking, sustainable development as well as enhancing the equal opportunities of different populati-

on groups, in particular, women and the young, to participate and engage in industrial activities.

The beneficiaries of the projects to be financed may be the residents of the territory of the LAG (single persons or several persons jointly), local associations, companies and foundations, as well as the LAG itself.

The realisation of the objectives of the measures is monitored by means of common basic indicators. In addition to these, there are specific indicators for each measure, and each LAG may also introduce indicators of its own, which they consider suited for the development plan and its focal areas. The share of women and young people as participants and beneficiaries as well as environmental impacts are monitored for the part of all measures.

Issues to be monitored measures A, B and C:

- number of projects to be financed
- number of new companies created, their contact information and line of business
→ run by women / men / the young (under 30 years of age)
- number of new jobs created / converted into full-time jobs
→ women / men / the young (under 30 years of age)
- number of renewed (preserved) jobs / converted into full-time jobs
→ women / men / the young (under 30 years of age)
- number of jobs during the project / programme / converted into annual work units
→ women / men / the young (under 30 years of age)
- number of days of training or training courses / sessions, number of participants in training as well as type of training
→ women / men / the young (under 30 years of age)
- number and amounts of investments
- number of the accounts of feasibility

- number of animation meetings and number of participants
→ women / men / the young (under 30 years of age)
- number of new innovations (services, production methods and other products)
- number of enterprises and associations participating in the projects
- environmental impacts of the projects and, in particular, projects targeted at improving the environment
- impact of the projects on equality

5.1.1 Measure A: Investments

Through measure A financing is made available for the establishment of new enterprises, expanding or renewal of, for example, the production capacity of the existing small-scale or micro enterprises, as well as other investments. Financing is not directed at basic agriculture.

The objective of the measure is to diversify the economic activities in the territories of the LEADER groups, create new jobs, improve the operating conditions of the existing enterprises and encourage the rural residents, especially women and the young, to entrepreneurship.

In their development plans the LAGs considered the promotion of enterprises and entrepreneurship one of the most important areas of focus. The establishment of new small and micro enterprises as well as expansion and renewal of the production capacity in the existing enterprises are highly important in terms of creating new economic opportunities and improving the operating conditions for enterprises in rural areas. A more detailed description of the measure is given in the supplement to the LEADER+ programme.

Beneficiaries:

The rural residents (individual persons or several persons jointly) as well as local communities

Forms of assistance:

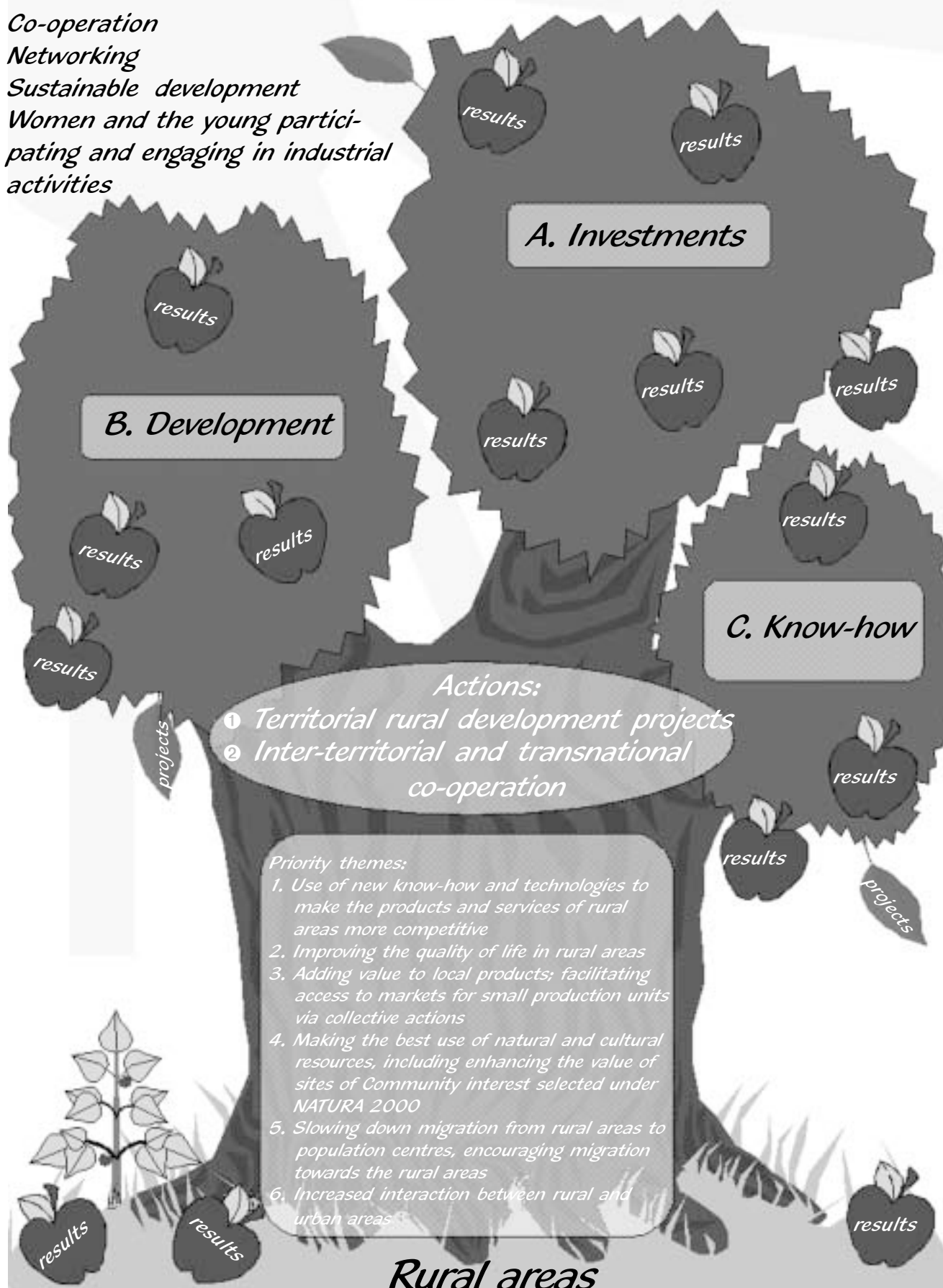
- Subsidy

Examples of activities eligible for support

- small-scale investments
- start-up aid for enterprises
- building
- acquisition of machinery and implements

LEADER+ programme for Finland

Co-operation
Networking
Sustainable development
Women and the young participating and engaging in industrial activities



Objectives of measure A and issues to be monitored:

QUANTITATIVE OBJECTIVES	number	INDICATORS FOR MONITORING
New jobs (created) converted into full-time jobs Of which women Of which the young (under 30)	2 000 1 000 300	New jobs (created) converted into full-time jobs as well as their number, of which women / the young (under 30 years of age) Contact information of the new jobs
Renewed (preserved) jobs converted into full-time jobs Of which women Of which the young (under 30)	200 100 10	Renewed (preserved) jobs converted into full-time jobs as well as their number, of which women / the young (under 30 years of age) Contact information of the renewed jobs
New enterprises to be set up Of which run by women Of which run by the young (under 30)	500 200 50	New enterprises to be set up, of which run by women / the young (under 30 years of age) Contact information of new enterprises Line of business of new enterprises
MONITORING ALSO COVERS		
Number of projects financed		
Number and amounts of investments		
Change in the turnover of an enterprise in FIM and percentage share		
Number of projects targeted at women and the young		
Projects targeted specifically at improving the environment		
Number of projects taking advantage of the NATURA areas		
QUALITATIVE OBJECTIVES	Monitoring data compiled for evaluation	
Environmental impacts of projects	Environmental impact form, see Chapter 4.4	
Impacts of projects on equality	Monitoring indicators show the shares of men, women and the young in the results, accompanied by a verbal description	
Diversification of industrial structure	Classification of the lines of business of new enterprises	
Promoting entrepreneurial activity, in particular, establishment and development of small enterprises	Number of enterprise projects, number of new enterprises	
Encouraging rural residents, in particular, the young and women to entrepreneurship	Share of women and the young in the number of new enterprises	
Creation of new industrial and employment opportunities	Number of new enterprises and new as well as renewed jobs	
Innovation	Form, number of innovations (services, production methods, other products)	

The LAGs may also apply other indicators derived from their own development plan. A more detailed account of the indicators for monitoring is given in the supplement to the LEADER+ programme.

5.1.2 Measure B: Development

Through the measure financing is made available for projects enhancing the attractiveness of rural areas as places of residence, environmental projects and projects relating to the promotion and utilisation of local culture.

The purpose of the measure is to improve the attractiveness of rural areas as places of residence and living taking into account of principles of sustainable development. This also comprises increasing environmental awareness and promoting measures that improve the environment.

By improving the quality and attractiveness of the environment, rural areas can be made more attractive places for living and practising of industries. This also contributes to the realisation of the principles of sustainable development in terms of both the environment and social and cultural factors. Improving the quality and attractiveness of the environment supports the promotion of industries and the effects of projects to increase environmental activity in rural areas by taking into account the human and environmental aspect in the development work. Environmental projects as such may also promote industrial activities.

The development and diversification of other kinds of industries that increase the number of jobs is also highly important in terms of maintaining the rural population. For example, long-distance employment in companies located in population centres or other employment based on the utilisation of information technology provide new opportunities for earning a living in rural areas.

Products development and processing increase the price of the rural raw materials and provide employment for the residents.

New ways of co-operating between parties who have not done this before may offer new kinds of

solutions to the problems of certain areas, and co-operation also leads to synergy benefits. Rural enterprises are usually quite small, and thus co-operation in e.g. marketing is essential.

Projects related to rural tourism in LEADER+ are relatively small in scale, mainly concerning 'ecotourism' or networking of small tourism enterprises. Especially before financing the new tourism projects the LAGs have to make sure that the financing of the project is of pilote nature. Activities overlapping with the other programmes are not eligible for financing through LEADER+.

A more detailed description of the measure is given in the supplement to the LEADER+ programme.

Beneficiaries:

Rural residents (individual persons or several persons jointly) as well as local communities and foundations.

Forms of assistance:

- Subsidy

Examples of activities eligible for support:

- increasing environmental awareness and projects improving the environment
- recycling projects
- multi-service points (non-public services)
- projects improving the residential environment and attractiveness of rural areas
- projects utilising local culture, organisation of various kinds of events, programme services
- products of local culture
- product development, e.g. development of new, high-quality agricultural, forestry, fisheries and natural products
- joint marketing of local products and services
- new service enterprises
- small-scale tourism projects, e.g. 'ecotourism'
- feasibility studies

Objectives of measure B and issues to be monitored:

QUANTITATIVE OBJECTIVES	number	INDICATORS FOR MONITORING
New jobs (created) converted into full-time jobs Of which women Of which the young (under 30)	400 200 60	New jobs (created) converted into full-time jobs as well as their number, of which women / the young (under 30 years of age) Contact information of the new jobs
Renewed (preserved) jobs converted into full-time jobs Of which women Of which the young (under 30)	300 150 10	Renewed (preserved) jobs converted into full-time jobs as well as their number, of which women / the young (under 30 years of age) Contact information of the renewed jobs
Jobs during the project / programme (AWU) joista naiset joista nuoret (alle 30 v)	660 330 99	Jobs during the project / programme converted into annual work units as well as their number, of which women / the young (under 30 years of age)
Number of participants in information and animation meetings Of which women Of which the young (under 30)	30 000 15 000 6 000	Number of participants in information and animation meetings, of which women / the young (under 30 years of age) Number of information and animation meetings
Organised coalitions of enterprises and other organisations (associations, companies, co-operatives, etc.)	50	Number and contact information of associations
MONITORING ALSO COVERS:		
Number of village plans made in the project		
Days of training (7 hours), of which women / the young (under 30 years of age) Number of participants in training, of which women / the young (under 30 years of age) Number of training courses or sessions Type of training: quality training, marketing skills, environmental skills, new production methods, entrepreneurship, information technology, project work, development work, equality or other		
Number of new enterprises to be set up, of which run by women / the young (under 30 years of age) Contact information of new enterprises		
Line of business of new enterprises		
Number of projects financed		
Number of projects targeted at women and the young		
Number of enterprises and associations participating in the project		
Number of projects taking advantage of the NATURA areas		
QUALITATIVE OBJECTIVES	Monitoring data compiled for evaluation	
Environmental impacts of projects	Environmental impact form; see Chapter 4.4	
Impacts of projects on equality	Monitoring indicators show the shares of men, women and the young in the results, accompanied by a verbal description	
Improving the attractiveness of the environment	Environmental impact form, verbal description	
Realisation of the principles of sustainable development relating to both the environment and social and cultural factors	Environmental impact form, verbal description	
Increasing environmental awareness, promoting measures to improve the environment.	Environmental impact form, verbal description	
Enhancing local culture	Environmental impact form, verbal description	
Innovation	Form, number of new innovations (services, production methods, other products). Verbal description	

The LAGs may also have indicators of their own derived from their development plan. A more detailed account of the indicators for monitoring is given in the supplement to the LEADER+ programme.

5.1.3 Measure C: Know-how

Through measure B financing is made available for training, in most cases in a relatively small scale, which is otherwise not available but contributes to solving the special problems in the territories of the LAGs. In particular, financing is made available for training which increases the practical professional skills as well as marketing skills of the trainees. However, basic or vocational training or training where the trainee is subject to unemployment support measures cannot be financed through the programme.

The purpose of the measure is to improve the know-how of the rural residents in areas with direct or indirect impacts on the diversification of the industries in the area and or creation of new enterprises / jobs. One important objective is to improve the utilisation of the human resources existing in the areas.

Raising the level of knowledge and skills is important to preserve the viability of the rural areas. In most of these the education level is lower than in the whole country on average. In recent years the number of farms has decreased rapidly, but the studies show that farmers who have given up agricultural production would like to go on living in the countryside. There are also farms where the agricultural income is no longer adequate to support the whole family. However, in order to start practising other industries, for example, entrepreneurship, farmers and their family members need training.

People who are already running small companies in rural regions often need further training relating to the improvement of the skills, efficiency or quality of the activity, such as more efficient marketing of the products. Training particularly directed at improving the entrepreneurial skills of women and the young encourages them to stay in the countryside.

In recent years attention has also been directed at the disappearance of the traditional handicraft skills, and through training related to these skills it might be possible for many young people in rural areas to find employment in their home district. Training should yield practical results, and training in new skills that can be utilised in industrial activities motivates the trainees better than more theoretical training.

Training in the rural development work is needed in order to improve the ability of the local residents to implement the various kinds of development measures and co-operation skills. Training in the development work also influences the structure and direction of rural development in the future.

A more detailed description of the measure is given in the supplement to the LEADER+ programme.

Beneficiaries:

Rural residents as well as local communities and foundations.

Forms of assistance:

– Subsidy

Examples of activities eligible for support:

- accounts of feasibility
- further training e.g. to increase the practical skills needed by the local residents
- training in entrepreneurial skills suited to the local conditions
- raising the level of skills in existing companies
- training related to marketing
- training in project work
- training in development work for members and officials
- training in development work for members and employees of LEADER groups

Objectives of measure C and issues to be monitored:

QUANTITATIVE OBJECTIVES	number	INDICATORS FOR MONITORING
Renewed (preserved) jobs converted into full-time jobs Of which women Of which the young (under 30)	100 50 0	Renewed (preserved) jobs converted into full-time jobs as well as their number, of which women / the young (under 30 years of age) Contact information of the renewed jobs
Jobs during the project / programme (AWU) Of which women Of which the young (under 30)	100 50 15	Jobs during the project / programme converted into annual work units as well as their number, of which women / the young (under 30 years of age)
Days of training (7 hours) Of which women Of which the young (under 30)	20 000 10 000 2 000	Days of training (7 hours, of which women / the young (under 30 years of age) Number of participants in training, of which women / the young (under 30 years of age)
Number of participants in training Of which women Of which the young (under 30)	8 000 4 000 800	Number of training courses or sessions Type of training: quality training, marketing skills, environmental skills, new production methods, entrepreneurship, information technology, project work, development work, equality or other
MONITORING ALSO COVERS:		
Number of projects financed		
Number of companies and associations participating in the projects		
Number of projects targeted at women and the young		
Projects targeted specifically at improving the environment		
QUALITATIVE OBJECTIVES	Arviointia varten kerättävät seurantatiedot	
Environmental impacts of projects	Environmental impact form, see Chapter 4.4	
Impact of projects on equality	Monitoring indicators show the shares of men, women and the young in the results, accompanied by a verbal description	
Further training needed in practising new industries or development or diversification of industrial activity for rural residents	Types of training; e.g. entrepreneurship, increasing practical professional skills, new production methods, number of participants and distribution into men / women / the young. Verbal description.	
Improving the ability and skills of local residents in rural development work	Types of training; number of participants in development training and distribution into men / women / the young. Verbal description.	
Quality of training	Participants fill in an evaluation form drawn up by the implementer of the project for each training course / session, summary of these in the final report	
Innovation	Number of new innovations (services, production methods, other products. Verbal description	

The LAGs may also have indicators of their own derived from their development plan. A more detailed account of the indicators for monitoring is given in the supplement to the LEADER+ programme..

5.1.4 Measure D: Administration of local action groups (LAGs)

The funds for administration are mainly used for tasks relating to the implementation and promotion of the development plan of the LAGs. This comprises, among other things, engaging of officials and their travel expenses, office expenses as well as information concerning the LEADER+ programme and the development plan in the areas concerned. The administrative expenses should be kept at a reasonable level. In most cases the municipalities located in the areas concerned finance at least 20 per cent of the administrative costs. All administration costs may be paid from the public funds.

Based on the previous programming period it is estimated that the reasonable level of administrative costs is no more than 15 per cent of the public funding for action 1, if the average funding of the groups is at about the same level as in LEADER II. This should secure adequate operating conditions for the LAGs. The tasks pertaining to the LAGs require employing at least two full-time officials, and these will be responsible for a larger number of duties than in LEADER II.

In LEADER+ the projects applicants submit the applications for support and payment to the LAGs. The LAG processes both the project application and the application concerning the payment and makes sure that the applicant has submitted all the accompanying documents required before the application is forwarded to the Rural Department of the Employment and Economic Development Centre. Thus the duties and responsibility of the LAGs are considerably increased from the previous programming period, and the groups also need a larger number of qualified staff.

Finland is a sparsely populated country, and thus the rural structures and organisations operate on a very small scale. There is quite a large number of associations in the rural municipali-

ties and villages, but the number of active members is very small, and in most cases this is on the decrease. The administration of the LAGs cannot be incorporated to the existing organisations, partly due to the fact that the LAGs have to be independent of any other organisations to guarantee their open and equitable activity.

Summary of measures to be financed from administrative funds:

- recruitment and engaging of officials for LAGs based on temporary employment contracts
- travels of the LAGs and necessary travel expenses of the board members
- office expenses and data processing
- furniture and implement costs of the LAGs' offices; rents
- information concerning LEADER+ and the development plan of the group to the local residents
→ e.g. notices, newspaper article, brochures, local news and information bulletins
- participation in the national and European network unit
→ e.g. compilation and transfer of data to the network unit
- preparation of international projects
→ e.g. finding co-operation partners
- organisation of training and information sessions for local residents and LAG members
- use of outside experts and services
→ e.g. bookkeeping and accounting services, engaging temporary animators

A more detailed description of the measure is given in the supplement to the LEADER+ programme.

Beneficiaries:

Local action groups (LAGs).

Forms of assistance:

- Subsidy

Objectives of measure D and issues to be monitored:

QUANTITATIVE OBJECTIVES	number	INDICATORS FOR MONITORING
Jobs during the project / programme (AWU) Of which women Of which the young (under 30)	240 120 36	Jobs during the project / programme converted into annual work units as well as their number, of which women / the young (under 30 years of age)
Number of participants in information and animation meetings Of which women Of which the young (under 30)	20 000 10 000 4 000	Number of participants in information and animation meetings, of which women / the young (under 30 years of age) Number of information and animation meetings
MONITORING ALSO COVERS:		
Days of training (7 hours), of which women / the young (under 30 years of age) Number of participants in training, of which women / the young (under 30 years of age) Number of training courses or sessions		
Number of projects financed		
Number of projects processed		
Number of accounts on feasibility and their subject		
Number and circulation of papers, brochures, etc. published by the group		
Number of articles in newspapers etc. on the activity of the group		
QUALITATIVE OBJECTIVES	Monitoring data compiled for evaluation	
Realisation of the principle of tripartition	Board members and parties represented by them	
Openness and participation of local residents	Number of members in LEADER+ group and parties represented, number of participants in group meetings, turnover of the board	
Efficiency of the activity	Time of processing the applications, average in days	

The LAGs may also have indicators of their own derived from their development plan. A more detailed account of the indicators for monitoring is given in the supplement to the LEADER+ programme.

5.1.5 Measure E: Acquisition of skills

New LAGs may include the costs due to the acquisition of the necessary skills to their financial plan. Measures relating to this may be implemented in areas where rural development based on LAGs is a completely new methodology, and thus calls for the acquisition of the skills for this. A group may be considered a new one if at least 60 per cent of the population of the area con-

cerned live in municipalities which have not been included in the LEADER II or POMO programmes. If part of the territory of the LAG has previously been included in LEADER II or POMO, funds for the acquisition of skills cannot be used in the municipalities concerned. Activities related to the acquisition of skills may be funded only before the implementation of the development plan of the LAG is started.

The purpose of the measure is to familiarise the LAGs and the residents and associations of the area with the LEADER methodology. The acquisition of skills may concern information on LEADER+ and the activities based on the LAGs as well as increasing and expanding the local

partnerships. This is vital to reach an adequate critical mass as well as for making the programme and methodology known in the areas concerned.

In many cases the new LAGs may not possess the necessary structures for the implementation of the programme and projects. At this stage the group may set up an office, with appropriate equipment. Acquisition of skills also involves information on the LEADER methodology and opportunities offered by the programme in the area concerned, as well as training of the group members and officials.

Summary of measures relating to acquisition of skills that are eligible for financing:

- setting up an office for the LAG, with appropriate equipment
- training of officials and board members of the LAG in LEADER work

- information on the LEADER methodology and opportunities offered by the LEADER programme in the area concerned
- necessary travel expenses, e.g. getting acquainted with the activities of the LEADER II group

Beneficiaries:

Local action groups (LAGs).

Forms of assistance:

- Subsidy

5.2 Action 2) Inter-territorial rural development projects

Action 2 covers the same themes and measures as action 1. The quantitative objectives presented in action 1 include the objectives of action 2.

Objectives of the acquisition of skills and issues to be monitored:

QUANTITATIVE OBJECTIVES	INDICATORS FOR MONITORING
To be established in detail later on after the LEADER+ groups have been selected and the number of new LAGs is known	Number of participants in animation and information meetings, of which women / the young (under 30 years of age) Number of animation meetings
	Days of training (7 hours), of which women / the young (under 30 years of age) Number of participants in training, of which women / the young (under 30 years of age) Number of training courses or sessions
	Number and circulation of papers, brochures, etc. published by the group
	Number of articles in newspapers etc. on the activity of the group
QUALITATIVE OBJECTIVES	Monitoring data compiled for evaluation
The purpose of the measure is to familiarise the new LAGs and residents and associations of the areas concerned with the LEADER methodology	Indicators for monitoring

The LAGs may also have indicators of their own derived from their development plan. A more detailed account of the indicators for monitoring is given in the supplement to the LEADER+ programme. Toimintaloikon 2 tavoitteet ja seurattavat asiat:

The purpose of action 2 is to encourage and support co-operation between different rural areas:

- a)** between the Finnish LAGs (inter-territorial co-operation)
- b)** between LAGs or similar groupings operating in the EU Member States or other countries (transnational co-operation)

It is estimated that 40 per cent of the funds for action 2 will be used for inter-territorial joint projects and 60 per cent for transnational co-operation.

Selection of projects:

In inter-territorial co-operation the selection criteria for the projects are about the same as in projects funded through action 1. The objective is to find new ideas and solutions relating to the problems that may arise in the development of the territory of a certain LAG, create new kind of co-operation between different rural areas, as well as increase the possibilities for industrial activity and employment in rural areas.

It is of primary importance that the joint projects produce value added to the areas involved. Especially the results of transnational joint projects have to be such that they could not have been achieved through a local projects implemented by means of the domestic resources only. The projects also have to be linked to the theme selected in the development plan of the LAG and consistent with the measures financed from action 1 and sub-measures presented in the development plan of the LAG. The themes and measures have been presented in the beginning of Chapter 5.

Co-operation partners:

In the case of national inter-territorial joint projects the partners of the LEADER+ group may be the other Finnish LEADER+ groups or local action groups financed through other programmes. However, only the expenses of the LEA-

DER+ groups may be paid through the LEADER+ programme, while the other co-operation partners have to find their own share of financing from other sources.

In transnational joint projects the potential partners are LEADER+ groups or other LAGs in the other EU countries or organisations similar to LAGs located in other countries, for example, in the Central and East European countries that have applied for the EU membership or Norway. Only the expenses of the LEADER+ groups can be financed through the LEADER+ programme. Before financing a co-operation project, a description of the composition of the partners will be required to ensure that all the partners are either local action groups or have a similar kind of composition. Additionally, a commitment of co-financing as well as determination of responsibilities are required from each partner.

Financing of the projects:

Funds allocated to national inter-territorial joint projects are distributed to the LAGs in connection with the annual distribution of the financing framework for action 1. During the implementation of LEADER II the LAGs already had a number of joint projects with other groups operating in the same area, and the development plans of most of the LAGs applying for funding through LEADER+ included concrete plans concerning co-operation with other LAGs in Finland.

Transnational projects of the LAGs may be eligible for financing after the implementation of the development plan and the territorial projects are well under way. The funds for transnational joint projects are allocated later on, depending on what kind of transnational joint projects the LAGs may have in hand with eligible co-operation partners (LAGs or similar groupings).

A feasibility study should be made prior to granting the financing for an transnational joint project, including the planning of the project toget-

her with the co-operation partners, commitment of the parties to the projects and a feasibility study. No more than 20 per cent of the public funding for a transnational project may be used for a feasibility study.

Otherwise the preparation of the projects, e.g. acquisition of partners, is financed from the administrative funds. One of the duties of the national network unit is to assist the LAGs in the search for co-operation partners. Before launching a transnational project, the commitment of all parties to the project and its financing needs to be confirmed.

The forms and percentage shares of assistance for projects funded under action 2 are the same as in the projects under action 1.

Beneficiaries:

Rural residents (individual persons or several persons jointly) as well as local associations, enterprises and foundations.

Forms of assistance

- Subsidy

Qualitative objectives

The objective is to increase international contacts in the SMEs and other industries of the territories concerned and, through this, to promote the economic viability, as well as to acquire new kinds of knowledge and skills and find new markets for the local products.

Objectives of action 2 and issues to be monitored:

QUANTITATIVE OBJECTIVES	
The quantitative objectives of action 2 are included in the common quantitative and qualitative objectives of measures 1 and 2, i.e. projects of action 2 implement the same objectives as those included in action 1.	
MONITORING ALSO COVERS	
Number of national joint projects	
Number of international joint projects	
QUALITATIVE OBJECTIVES	Monitoring data compiled for evaluation
Increase in national contacts in SMEs and other industrial activity, contributing to the promotion of industries	Number and type of joint projects, verbal description
Increase in international contacts in SMEs and other industrial activity, contributing to the promotion of industries	
Acquisition of new skills and knowledge through joint action	
Finding new market areas for local products through joint action	

The LAGs may also have indicators of their own derived from their development plan. A more detailed account of the indicators for monitoring is given in the supplement to the LEADER+ programme.

Examples of activities eligible for support:

- joint marketing of local products or services
- exchange in the acquisition and utilisation of new know-how and/or skills
- feasibility studies

Issues to be monitored:

National and international joint projects implement the same objectives as projects in action 1. The issues to be monitored are the same as in action 1, together with the following:

- number of national joint projects
- number of transnational joint projects

5.3 Action 3) Networking

The duties of the national network unit comprise the information and contacts between all parties involved in the implementation of the LEADER+ programme or otherwise interested in the rural development work. The network unit informs the parties involved and the public on the LEADER+ programme and the opportunities offered and the progress through its web pages and the paper published by the unit. The network units also organise training on topics and themes relating to LEADER+ considered necessary by the LAGs, as well as current topics relating to the implementation of LEADER+.

The national network unit maintains contact with the European LEADER observatory. It informs the Finnish LEADER+ groups on the activity of the LEADER observatory and forwards requests for contact relating to transnational co-operation between the LAGs in Finland and the other EU countries. Upon request the national network unit also compiles information on the Finnish LEADER+ groups and their projects and delivers this to the LEADER observatory. However, the Ministry of Agriculture and Forestry is mainly responsible for supplying data recorded into the project register of the Ministry

(e.g. data on financing and indicators) as well as other data related to the administration of the programme.

The LAGs are actively involved in the national network unit. The LAGs may be in direct contact with the LEADER observatory or request the assistance of the national network unit in their search for international partners. Networking of the LAGs on their own initiative is also encouraged.

The tasks included in action 3 are financed nationally in 2000-2001 as a national rural development project. The national network unit, the office of the Finnish Village Action Movement, was set up in February 2000. The network unit serves all LAGs, independent of the financing source. The need for a common network unit was obvious already before LEADER+, because the network units of the LEADER II and POMO programmes had been closed, while new LAGs were getting started, in addition to the old LEADER and POMO groups.

Efforts will be made to maintain the nationally financed national network unit intended for all LAGs during the whole programming period 2000-2006, but if this objective is not reached, a separate network unit will be set up for the LEADER+ groups. Regardless of the source of financing, there will be an open invitation to tender towards the end of 2001, and the national network unit selected based on the tendering procedure will start its operations in the beginning of 2002.

If a network unit of their own is set up for the LEADER+ groups, the funds allocated for this total FIM 6 million, of which both the EU and Finland contribute FIM 3 million. Regardless of the financing source, the national network unit secures the services for LEADER+ groups presented in this programme document and realises the objectives set for it.

National objectives and issues to be monitored:

NATIONAL QUANTITATIVE OBJECTIVES	Number	NATIONAL INDICATORS FOR MONITORING
Jobs during the project / programme (AWU) Of which women Of which the young (under 30)	10 5 1,5	Jobs during the project / programme converted into annual work units as well as their number, of which women / the young (under 30 years of age)
Days of training (7 hours) Of which women Of which the young (under 30)	450 225 45	Days of training (7 hours), of which women / the young (under 30 years of age) Number of participants in training, of which women / the young (under 30 years of age) Number of training courses or sessions
Publication of papers dealing with LEADER+	20	Number of papers Number of pages concerning LEADER+ Circulation of the paper
Brochures on LEADER+ (in Finnish, Swedish and English)	2 (6)	Number of brochures on LEADER+ (in Finnish, Swedish and English)
MONITORING ALSO COVERS		
Visits to the LEADER+ web pages of the network unit in Finland		
Number of participants in animation meetings Of which women Of which the young (under 30)		
NATIONAL QUALITATIVE OBJECTIVES	Monitoring data compiled for national evaluation	
Services offered by the network unit meet the needs of the LAGs and other interest groups. When necessary the network unit assists the LAGs in their search for national and international partners	Those participating in training fill in an evaluation form on the realisation of training and quality of the contents Each year the LAGs fill in a questionnaire on how well the different operations of the network unit meet the needs of the groups Number of inter-territorial and international joint projects where the network unit contributed to finding the partners	

5.4 Technical assistance

The share of funds allocated for technical assistance operations is 3 per cent of the public funds for the LEADER+ programme. Technical assistance covers the financing of the administration, monitoring and evaluation of the programme at the level of central and territorial administration. According to the financial plan, altogether FIM 9.88 million of both national and EU funding, i.e. the total of FIM 19.76 million, is available for technical assistance operations for 2000-2006.

Most of the technical assistance is used for the mid term and ex post evaluation of the LEADER+ programme as well as the organisation and other costs of training concerning e.g. the approved costs and bookkeeping directed at the LAGs and project implementers in the territories

of the different Employment and Economic Development Centres.

The implementation of the programme may also be supported through the establishment of a common bookkeeping and monitoring system for all the LAGs and projects involved. Financing may also be needed for purchasing services relating to the development and maintenance of the monitoring systems, as well as information in connection with opening the tendering procedure for mid term and ex post evaluation.

Technical assistance for the organisation of training in the territories is allocated to the Rural Departments of the Employment and Economic Development Centres, which make the decisions on the use of the funds. Other decisions concerning the use of technical assistance are made at the Ministry of Agriculture and Forestry.

Technical assistance will not be used for administrative costs in the LEADER+ programme. If needed, part of the funds reserved for technical assistance might be transferred later to action 1.

5.5 Levels of assistance

The maximum levels of support are established along the same lines as in Objective 1 programme and the Regional Rural Development Programme, and in the case of the aid for enterprises the levels are also influenced by the relevant State support areas. The percentage shares of assistance are the same in actions 1 and 2. On average, 50 per cent of the assistance comes from the European Agricultural Guidance and Guarantee Fund and 50 per cent is national financing, including the contribution of municipalities.

Maximum levels of assistance for projects:

Technical assistance and administrative funds for LEADER groups	no more than 100%
Training projects	no more than 90%
Development projects	no more than 90%
Investments included in development projects	no more than 75%
Investments in enterprises connected to farms	no more than 50%
Other investments in enterprises	
– Objective 1 area	no more than 40%
– Outside Objective 1 area	no more than 30%
Development aid for enterprises (de minimis) to examine the preconditions for operation	no more than 90%
Development aid for enterprises (de minimis)	no more than 75%
Start-up aid for engaging outside employees in connection with / starting / expanding entrepreneurial activity	no more than 45%
Feasibility studies of the projects	
*by public corporation	no more than 100%
*other	no more than 80%

The percentages given above are the maximum levels of assistance, and they should not be used as the general level of assistance for the projects.

Assistance with minor importance (de minimis) and the state support systems to be applied

Regarding products falling under Annex I of the Treaty, the management authority (ministry of agriculture and forestry) will take care that rules laid down in Community guidelines for state aid in the agriculture sector (2000/C 28/2) are respected. Regarding other support, the management authority will take care that the rules laid down in Commission Regulation (EC) No 68/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to training aid, in Commission Regulation (EC) No 69/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid and in Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises are respected.

The level of investment aid for enterprises connected to farms is the same in the whole Objective 1 area. Outside the Objective 1 area the support is differentiated so that the level of support is higher in municipalities located in the sparsely populated rural areas and rural heartland areas and lower in the urban-adjacent rural areas and urban areas.

The investment aid for other enterprises is differentiated in the Objective 1 area based on the support areas, and thus the support is the lowest in the Objective 1 area of Eastern Finland (national support area 1) and the second highest in the Objective 1 area of Northern Finland (national support area 2). In national support areas 2 and 3 outside the Objective 1 area the level of support is higher in the municipalities located in sparsely populated rural areas and rural heartland areas and lower in urban areas and urban-adjacent rural areas. The level of support is the lowest in municipalities outside the national support areas.

Other State support systems may be added to this by changing the programme document by a Commission decision. All support relating to agriculture or any new or revised State support systems concerning enterprises shall be notified to the Commission in accordance with Articles 87 and 88 of the Treaty Establishing the European Community.

5.6 Selection of projects to be financed

The general principle for selecting the projects is that only territorially based, bottom-up projects are eligible for financing through LEADER+. The projects must be of pilot nature, which means that they must contain experimental actions, which is in some respect new in the territory of the LAG concerned. The projects to be financed either experiment with new kinds of actions or new methods, or the parties implementing the projects are such that co-operation between them is something new.

The projects have to complement other rural development programmes. Projects funded through other programmes are not eligible for LEADER+ funding, and financing to continue such projects may not be granted through LEADER+, either.

The projects to be financed must produce value added to the rural areas, e.g. by increasing the welfare of the residents. The projects must be transferable, i.e. the ideas and methodologies must be such that they can be utilised in other rural areas as well. Transferability can be promoted through efficient information on the projects and their implementation.

The projects must be in accordance with the principle of economic sustainability. The LAGs have to make sure that the projects to be financed are economically feasible. The viability of the project means that the activity should continue after the project without assistance. The LAGs should keep this objective in mind in the selection of all the projects to be financed. The employment effect is a very important criterion. The purpose of LEADER+ is to improve the pre-conditions for industries in rural areas, and thus priority should be given to measures with positive, long-term impacts on employment.

Sustainable development is one of the areas of focus in the LEADER+ programme, and thus priority should be given to projects with positive environmental impacts. Actions with obvious negative impacts on the environment will not be eligible for financing.

6 Financial plan

The public funding of the LEADER+ programme for the programming period 2000-2006 totals FIM 658.79 million (EUR 110.80 million). 50 per cent of the funding comes from the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-Guidance), and thus the EU contribution totals FIM 329.39 million and the national funding is also FIM 329.39 million. It is estimated that the municipalities located in the territories of the LEADER groups will contribute about 20 per cent of the total public funding. The contribution of municipalities must be made available to the LAGs so that the decision on the use of the funds is made by the LAG, and their autonomy is not jeopardised.

The share of private financing in the total funds for the whole programming period is estimated at 35 per cent. Consequently, the total funding for the LEADER+ programme amounts to FIM

1,013.52 million, and the share of private financing is FIM 354.73 million. Part of the private contribution may be in the form of voluntary work or other payment in kind in compliance with the Commission directions. Voluntary work as part of the private funding may be used only in development projects where the applicant is a non-profit corporation. In most cases voluntary work is used in village projects.

In the LEADER+ programme for Finland there are no separate financial quotas for Objective 1 areas, Objective 2 areas and areas outside these. About a third of the LAGs that have applied for financing through LEADER+ are located in each of these areas.

The following tables present the financial plan for the LEADER+ programme for Finland according to the actions and years in both Finnish markka and euro.

LEADER+ -programme 2001-2006

Financial table meuroa 5,94573

	Total	Public financing			Private financing
		Total pubfinancing financing	EU contribution	National financing	
2001					
Action 1	23,420	15,090	7,545	7,545	8,330
Action 2	2,223	1,400	0,700	0,700	0,823
Action 3	0,000	0,000	0,000	0,000	0,000
Technical assistance	0,510	0,510	0,255	0,255	0,000
Total	26,153	17,000	8,500	8,500	9,153
2002					
Action 1	21,393	13,718	6,859	6,859	7,675
Action 2	2,541	1,600	0,800	0,800	0,941
Action 3	0,202	0,202	0,101	0,101	0,000
Technical assistance	0,480	0,480	0,240	0,240	0,000
Total	24,616	16,000	8,000	8,000	8,616
2003					
Action 1	24,123	15,482	7,741	7,741	8,641
Action 2	3,128	1,970	0,985	0,985	1,158
Action 3	0,202	0,202	0,101	0,101	0,000
Technical assistance	0,546	0,546	0,273	0,273	0,000
Total	27,999	18,200	9,100	9,100	9,799
2004					
Action 1	24,403	15,656	7,828	7,828	8,747
Action 2	3,159	1,990	0,995	0,995	1,169
Action 3	0,202	0,202	0,101	0,101	0,000
Technical assistance	0,552	0,552	0,276	0,276	0,000
Total	28,316	18,400	9,200	9,200	9,916
2005					
Action 1	27,060	17,372	8,686	8,686	9,688
Action 2	3,207	2,020	1,010	1,010	1,187
Action 3	0,202	0,202	0,101	0,101	0,000
Technical assistance	0,606	0,606	0,303	0,303	0,000
Total	31,075	20,200	10,100	10,100	10,875
2006					
Action 1	28,134	18,068	9,034	9,034	10,066
Action 2	3,336	2,100	1,050	1,050	1,236
Action 3	0,202	0,202	0,101	0,101	0,000
Technical assistance	0,630	0,630	0,315	0,315	0,000
Total	32,302	21,000	10,500	10,500	11,302
Total					
Action 1	148,533	95,386	47,693	47,693	53,147
Action 2	17,594	11,080	5,540	5,540	6,514
Action 3	1,010	1,010	0,505	0,505	0,000
Technical assistance	3,324	3,324	1,662	1,662	0,000
Total	170,461	110,800	55,400	55,400	59,661

7 Selection of the local action groups (LAGs)

7.1 Eligibility and selection criteria

The LAGs to be selected to the LEADER+ programme have to fulfil the following general eligibility criteria for the programme and methodology:

- Rural area
- Appropriate size of the area
- Local action group
- Partnership
- Principle of tripartition
- Strategic cohesion of the development plan
- Consistency of the development strategy with one or two themes

In addition to the general eligibility criteria, the evaluation of the development plans of the LAGs is based on criteria relating to their feasibility and the reliability of the estimated budget, as well as the compliance with the following principles:

- Pilot nature
- Transferability
- Complementarity
- Sustainable development
- Equality
- Economic and other feasibility
- Economic viability
- Networking

The selection of the LAGs is based on the realisation of the above-mentioned criteria in the development plan. Should two or more groups be quite even and a selection between these needs to be made, additional factors to be taken into account include the GDP of the area and overlap with the areas covered by other EU programmes, i.e. if the GDP is low and the area extends beyond the areas included in administrative or EU programmes, the chances of the group to be selected to LEADER+ are better.

The following chapters present a more detailed account of the contents of the eligibility and selection criteria.

Rural area

LEADER+ programme is intended for rural development and improvement of the preconditions for industrial activities in rural areas, and thus the benefits of the programme should be directed specifically at rural, not urban areas. In determining the population of the territory of a certain LAG, municipalities with less than 15,000 inhabitants are in most cases considered rural areas. Based on the discretion of the LAG concerned, in the case of municipalities with 15,000-20,000 inhabitants the municipal centre may be left out when establishing the population of the territory to be covered, and in municipalities with more than 20,000 inhabitants the planned areas of the centres are always excluded from the population, and projects funded under the programme may not be implemented in such areas. However, if a municipality wishes to participate in the payment of the municipal share by an amount based on the whole population, this is also possible. The population of the territory covered by a LAG is used as a criterion for determining the financial framework.

The projects implemented through LEADER+ must benefit the rural areas. Joint projects concerning the interaction between the urban and rural areas benefit both of these, but the urban areas have to participate in the interaction project through financing from other sources.

During the application process all rural areas are to be considered equal. Upon the selection no quotas are allocated for any of the areas and they are not weighted in any way – e.g. based on

whether the area is included in Objective 1 or not. The areas may not belong to the territory of more than one LAG.

Appropriate size of the area

The territories covered by the LAGs should not be too large to risk the realisation of the local aspect, i.e. taking the needs and ideas of the local residents into account. However, the territory may not be so small that this might restrict the number or quality of the projects or that a considerable share of the funds of the group would be spent on administration.

The population of the territories may vary between 10,000 and 100,000 inhabitants, depending on the population density and local conditions, such as the preconditions for the different operations of the LAGs. The territories of the LAGs need not follow the national regional or other divisions. What is of primary importance is that the area constitutes a homogenous unit in terms of the objectives and development needs, and the various parties involved agree on the territory to be covered to ensure the preconditions for the co-operation needed in the development work.

Local action group

LEADER+ is implemented through local action groups (LAGs). The LAGs shall come together as organisations governed by private law, such as associations or co-operatives, so that the membership is representative in terms of the area concerned, with a broad basis consisting of the different local actors (individual residents, associations, companies and organisations as well as local authorities). Co-operation between the different parties involved shall be insured. The LAGs are responsible for the preparation and implementation of the development plan in the area concerned, and thus the LAGs have to be able and willing to commit themselves to the development work.

The LAGs assist the applicants and implementers of the projects in the preparation and implementation of the projects and in the contacts with the authorities, and they have to possess or acquire the necessary qualifications for these tasks. The distribution of responsibilities within the LAGs has to be open and unambiguous. The efficiency of the procedures relating to the decision-making and activities has to be secured by the rules and internal procedural instructions of the associations / co-operatives.

Partnership

Partnership refers to extensive co-operation on an equal standing in the composition and activity of the LAGs. The activity is open to all local persons and organisations who are interested in rural development, and the objective is to involve as many different fields and organisations as possible. There should also be extensive co-operation with parties outside the LAGs (e.g. territorial authorities, rural section of the regional co-operation group, Carrefour centres, other developers).

Principle of tripartition

The principle of tripartition concerns the composition of the boards of LAGs. As far as possible the boards should consist of an equal number of representatives of individual rural residents, local associations and companies as well as the local administration. This guarantees the openness and equitability in the decision-making required in the LEADER+ programme as well as the involvement of new people in the local development work. Tripartition secures the possibilities of the LAGs for long-term operation. In order for the LAGs to succeed in the Finnish conditions with low population density, they need extensive support from the different actors operating in the territories, associations, public-sector organisations as well as individual residents.

The work of the LAGs may not be based on small number of insiders, but on co-operation on as broad a scale as possible. The LAG and its board must enjoy the confidence of the local residence. This is necessary to ensure successful, long-term development work.

The representatives of the local administration in the board are the members of the municipal councils and the municipal executive board, municipal manager and municipal secretary, trade ombudsman, rural secretary, municipal engineer as well as heads of educational establishments that are potential applicants for support through LEADER+. Chairpersons of committees or municipal boards whose tasks include rural development issues are also considered municipal representatives.

The organisations and companies are represented by persons with decision-making power, such as the chairpersons and board members of registered or unregistered village associations or committees or the leading employees of these. This also includes the representatives of the rural tourism entrepreneurs and 4H associations. LEADER+ aims at involving the local actors, and thus the organisations to be represented should also operate at the local level.

Because broadly-based board and the involvement of the local and new actors are required by the principles of the programme, about a third of the board members should be individual rural residents who do not represent the local administration or associations or groups of enterprises with interests relating to issues pertaining to the LAGs due to their work or other position. Thus the board members in the quota for individual residents may not be persons involved in the decision-making bodies of municipal or other local organisations or associations who may be in the position of potential beneficiaries through LEADER or operate in fields close to those of the LAGs.

In the boards of the LEADER+ groups there are no special quotas for women and young people. Experiences from the LEADER II programme have shown that women have been actively involved in the LAGs, and thus adequate representation of women will be realised without any special measures. The share of women in the boards will be monitored throughout the programming period.

Instead, young people have not been taking a very active part in the LAGs, and it has been difficult to increase their interest in LEADER activity. Migration of the young away from the rural areas is a serious problem, and thus many LAGs consider the young people as a particularly important target group. There is no reason to set a quota for the young in the boards of the LAGs, but their participation will also be monitored.

Strategic cohesion of the development plan

The development plan covers the analysis of the strengths and problems of the territory concerned, establishment of the development objectives and proposals for measures to reach the objectives. The development plan is drawn up in co-operation between the different actors, fields and projects, and it must be integrated, based on the special characteristics of the territories and enhancing these. Cohesion means that the proposed strengths, problems, objectives and measures are linked to each other, which reinforces the programme nature of the plan. There must be a common theme running through the plan.

Consistency with a theme

Each section concerning the strategies or measures of the development plan has to be consistent with one or two of the following alternative themes of the EU or Finland, which are of equal importance:

1. Utilisation of new know-how and technology to improve the competitiveness of the products and services of the area
2. Improving the quality of life of the rural residents

3. Increased value added of the local products; in particular, by promoting the marketing of the products of small-scale producers through joint actions
4. Utilisation of natural and cultural resources, e.g. opportunities provided by the NATURA 2000 areas
5. Slowing down migration away from the rural areas, encouraging migration towards the rural areas
6. Increasing the interaction between the rural and urban areas.

The theme is the leading idea of the development plan, and the objectives, strategy and planned measures must be consistent with the theme. The selected theme must be feasible in view of the whole programming period, i.e. until the end of 2006.

In most cases the strategies and measures proposed in the development plans of the LAGs are structured around one of the above themes. Efforts to incorporate two themes may not reduce the cohesion of the development plan. What is essential is the programme nature of the development plan, i.e. it may not be just a collection of projects or measures of different fields or sectors.

Pilot nature

The purpose of the development plans and projects of the LAGs is to develop and experiment with new kinds of actions or methodologies, such as new kind of co-operation. The action as such need not be completely new, but it may be new in the territory concerned. However, the pilot nature does not refer to the development work based on LAGs alone, but the development plans and the projects have to represent new kinds of actions in some other respect, too.

Transferability

Through LEADER+ funding is made available for projects that may also be utilised in the development of other rural areas. Transferability can

be promoted through openness and information in respect of the approved projects, and the LAGs are obliged to share the results of their activity so that the methods or measures developed by one LAG can be applied in other rural areas as well. This makes the work of the LAGs more widely known and increases their credibility. The national network unit is also responsible for promoting transferability.

Complementarity

Complementarity is an essential aspect of the LEADER+ programme. LEADER II complemented the Objective 5b and 6 programmes. The LEADER+ programme complements all other rural development programmes implemented in the territories concerned, independent of whether they are financed nationally or eligible for part-financing from the EU. Projects financed through LEADER+ differ from the projects implemented through other programmes in the areas concerned. Efficient co-operation with the other parties engaged in rural development is vital in order to deepen the complementarity and abolish the possible overlaps.

LEADER+ complements the other EU programmes, for example, by financing locally-based and for the most part quite small projects, through which new actors can be involved in the development work. LEADER+ brings together the different kinds of local resources to co-operate with the view to develop new ideas and methodologies.

Sustainable development

The activities of the LAGs have to comply with the principles of sustainable development in both the environmental and the economic, social and cultural sense. For instance, the development plan may not contain any actions with obvious negative environmental impacts, while measures aimed at improving the environment will be prioritised.

Sustainable development requires the ability of the society, communities and people to take the responsibility and care about both the nature and people. The tenets of sustainable development are the preservation of the natural values, productive capacity of nature, biodiversity and living ecosystems, adjustment of the economic and material activity of the people to the tolerance of the nature as well as preservation of the preconditions for welfare to be transferred from one generation to another.

Ecological sustainability: Development work must be adjusted to the sustainable use and management of natural resources, i.e. unrenovable natural resources are used sparingly and, whenever possible, replaced by renewable natural resources, which have to be utilised within the limits allowed by the productive capacity. The needs of the future generations must be taken into account when using the natural resources. The actions may not jeopardise the biodiversity of ecosystems, species of plants and animals or the genetic resources contained in these. Measures aimed at improving the environment as well as the utilisation of the existing buildings and infrastructure should be favoured.

Economic sustainability: The economic activity created through the development plan is balanced in terms of both the contents and the quality, and in the long term it may not be based on the depletion or the resources or indebtedness. Investments in the utilisation of the local renewable resources or human capital are the most clearly in accordance with the principle of sustainable development, which can also be promoted through the diversification of the production and service structure in the rural areas, development of the local services and raising the value added.

Social and cultural sustainability: The development plans promote the social and cultural sustainability if they aim at equality between the different regions, population groups and sexes, reducing unemployment and preventing social

exclusion. Interaction between the rural and urban areas should be encouraged primarily to curb the migration and prevent the negative consequences of this.

The LAGs have to make sure that the projects are implemented in accordance with the principles of sustainable development.

Equality

Through their development plans the LAGs have to promote equality between the different actors in terms of both the economic and social operations. The measures also implement the requirement concerning equal opportunities for men and women in the working life. Women and young people play a significant role in maintaining the viability of the rural areas, and thus the development plans place considerable emphasis on measures promoting the employment and other opportunities for women and the young.

Economic and other feasibility

The development plans of the LAGs must be realistic both in terms of the resources available and the conditions prevailing in the territories concerned. The private funds available for the implementation of the development plan must be adequate. Only part of the private funding can be replaced by voluntary work or other payments in kind. Without any actual financial inputs the projects will run into liquidity problems, which would jeopardise their realisation – and through this the implementation of the whole development plan. A monetary input indicates that the parties involved are committed to the project.

Feasibility also depends on the abilities, skills and motivation of the LAG concerning the implementation of the development plan. One of the main objectives of LEADER+ is to improve the preconditions for industrial activity in rural areas, and the employment effect in the short

and long term is a central issue in the evaluation of the development plan.

Economic viability

Support through LEADER+ is intended, in particular, for measures promoting the industries. This comprises the improvement of the employment opportunities and diversification of industries in the territories of the LAGs. The possibility to earn one's living is an essential condition for keeping the rural areas inhabited.

Networking

Networking refers to co-operation between the measures, companies, etc. in the same or different fields to reach a common goal. The most important aspects of networking are information, communication and the openness related to these. Networking increases the amount of information and experience and facilitates the work of the LAGs.

Networking is highly important in the implementation of LEADER+, and thus unofficial networking of the LAGs and co-operation with other LAGs and parties involved in rural development is desirable. The national and international network organisation units also assist in networking.

All LAGs should take active part in networking and the activity of the network units at least at the national level e.g. through information concerning the experiences from the development of their own territories. The expenses are paid from the administrative funds allocated to the LAGs.

Weighting of the eligibility and selection criteria for the LAGs

The selection of the LAGs to implement the LEADER+ programme is based on how well their development plans fulfil the above-mentioned eligibility and selection criteria. The criteria

referred to in the following chapters will receive special emphasis. All the LAGs applying for funding under LEADER+ have an equal opportunity to be selected. There are no special quotas for the LEADER II groups, POMO groups or new LAGs. The purpose of the information and training measures undertaken since September 1998 was to make sure that all the LAGs start from an equal footing in the application process.

The most essential criterion for the development plans to be selected is that the applicant really is a local action group and the board of the LAG is set up on the basis of the principle of tripartition, with as broad a basis as possible. The whole LEADER+ programme is based on development work starting from LAGs, and the programme has to be implemented by these alone. The principle of tripartition is a requirement in order to make sure that LAG activities are, in accordance with the principles of LEADER, open to all those who are interested and the LAGs are broadly based, involving new actors. There are a lot of local associations in Finland but none of them is able to realise the objectives of LEADER alone. Therefore, it is important to gather the existing bodies together.

The principle of tripartition is evaluated by reviewing the composition of the boards of all LAGs and the parties represented by the board members. One third of the board members should represent the municipalities located in the territory concerned, one third the local associations and one third individual local residents not involved in the decision-making bodies of the local associations or municipalities. The fact that the applicant can be considered a genuine LAG operating in accordance with the LEADER principles is assessed e.g. by checking the number of members and the number and background data of people participating in the general assembly of the association.

Further important criteria are the feasibility of the development plan as well as economic viabi-

lity and pilot nature. The implementation of the development plan should benefit the territories in the long run, not only during the time when they are funded under LEADER+.

The activity envisaged in the development plan must be such that it can be implemented, taking into account the local conditions and the legislation in force. The objectives, planned measures and funding applied for must be realistic in relation to each other, i.e. no too high objectives should be set without considering whether and how these can be realised. The development plan should contain activities which contribute to the creation of new permanent jobs and new enterprises, and the activities and measures envisaged should be something new in the territory concerned. In this, e.g. the statements of regional authorities on the development plans of the LAGs are utilised, as regional authorities know well the local conditions.

One important aspect of the LEADER Community Initiative is the promotion of co-operation between different parties, and the selection criteria related to this are the realisation of the requirements for partnership and networking in the development plan.

The development plan should contain concrete plans for co-operation, and thus it is an advantage if the LAG already has started or made plans for co-operation with other LAGs, regional authorities or other parties involved in the rural development or it has concrete plans concerning possible fields and co-operation partners.

7.2 Selection procedures and timing

After the guidelines for LEADER+ Community Initiative had been published in the Official Journal of the European Communities 18 May 2000 (2000/C 139), the Ministry of Agriculture and Forestry called for proposals for the development plans to be selected.

The development needs and focal areas of the LAGs constitute an important aspect of the LEADER+ programme for Finland. The programme section (Chapters 4 and 5) of this programme document have been drawn up taking into account the measures and focal areas proposed in the development plans submitted by the groups.

The LEADER+ development plans will be selected after the Commission has approved the LEADER+ programme for Finland. The decision is made by the Ministry of Agriculture and Forestry, based on the proposal of the work group for the LAGs appointed by the Ministry. The work group consists of representatives from the different administrative sectors (Ministry of Agriculture and Forestry, Ministry of the Interior, Ministry of Labour, Ministry of Trade and Industry, Ministry of Education, Ministry of the Environment), and territorial administration (Rural, Employment and Enterprise Departments of the Employment and Economic Development Centres, the Federation of Regions) as well as the Finnish Federation of Municipalities and certain other organisations (Central Organisation of Agricultural and Forestry Producers, Federation of Finnish Enterprises, Finnish Village Action Movement). The secretariat of the work group is composed of the officials of the Ministry of Agriculture and Forestry dealing with issues related to the action groups. Thus the principle of partnership is also being realised at the level of central administration.

Each member of the work group for LAGs is disqualified when the development plan of the territory where the member in question lives is dealt with. Representatives of the territorial administration may not participate in the processing of the development plans concerning their own territories.

Before the selection is made all development plans are subjected to an external, impartial evaluation, and each plan is also sent to the relevant territorial administration for statement.

Number of LEADER+ groups to be selected

It is proposed that the number of LEADER+ groups to be selected would be 25.

The LEADER+ programme for Finland is based on the development plans of the LAGs, and altogether 57 LAGs have applied for the financing. More than 50 of these are eligible for the funding according to the criteria presented in this programme document, and about 40 LAGs are about equal in terms of the quality of the development plan.

Due to the extension of the area eligible for support through LEADER+ to cover all rural areas in Finland, the number of LAGs included should be increased. In the Finnish conditions the number of people involved cannot be very high, because the countryside is very sparsely populated. To secure the unity of the area covered and the local approach, the distances within the areas covered by the LAGs should not be too long.

The population of the areas covered by the different LAGs varies between 15,200 and 80,000 people. The LAGs to be selected must possess adequate economic preconditions for activity as well as the necessary resources for financing the different types of projects in their territories, which will secure the broad basis for the activity and the involvement of an adequate critical mass. If 25 LAGs are selected, the average level of financing for the programming period 2000-2006 will be EUR 4.06 million, of which the EU (EAGGF) contributes EUR 2.03 million. The average population of the areas covered by the LAGs that have applied for funding is about 41,600 inhabitants.

The financing framework for each LAG will be specified after the selection has been made.

There is no need to determine any minimum level of funding for each LAG, because the situation varies between the different LAGs and it may also change during the programming period. Obviously, adequate preconditions for operation will be guaranteed for each LAG. The financing framework will also depend on the population of the area covered, funding applied for in the development plan and the feasibility of this in relation to the envisaged development measures as well as the quality of the development plan.

7.3 Agreement

After the development plans of the LEADER+ groups have been selected, an agreement is made between the Ministry of Agriculture and Forestry and each LAG. The final development plan approved by the Ministry entitles the LAG to funding from the EU and the State, and the exact amounts to be paid will be specified annually. The quality of the development plan and the preconditions for operation of the group are taken into account when granting the funding.

The agreement determines the obligations concerning the decision-making, actions and implementation of the development plan. When deemed necessary, the agreement may be complemented by more detailed instructions.

During the programming period the LAG may revise the development plan if this can be considered justified. For example, if there are not enough proposals concerning projects directed at a certain area of focus in the development plan, the weighting of the measures can be revised accordingly. The proposals for changes must be submitted to the Ministry of Agriculture and Forestry for approval.

8 Informing the potential beneficiaries and the public at large

8.1 Informing the potential local action groups

When it became almost certain that through LEADER+ Community Initiative funding would be available for the LAGs in all the rural areas of the European Union, the Rural Policy Committee started to plan the information procedures concerning the LEADER methodology to all potential beneficiaries. Information was considered very important, because the experiences from the LEADER II programme and the similar, nationally financed POMO programme had shown that rural development based on local action groups is very well suited for the Finnish countryside, and the application of this kind of methodology should be continued and expanded. In September 1998 the Rural Policy Committee set up a support group for expanding the work based on LAGs by informing the rural areas of this bottom-up development work.

In the programming period 1995-1999 there were 22 LAGs implementing the LEADER II programme in Finland, and the application of the LEADER methodology was expanded by establishing 26 POMO groups (rural programme for local initiative), which were funded nationally. The territories of these 48 groups covered about two-thirds of the rural areas in Finland. Thus the main task of the support group was to inform the remaining third of the rural areas where development based on LAGs had not yet been applied. There were also needs for change in some of the existing groups, for example, some of them wished to expand their territories, because in the current area covered the population had proven too small for the activities envisaged in the plan.

The support group consisted mainly of members of the LEADER II and POMO theme groups, but five executive directors of the existing LAGs

were also included, because they were the best experts on the practical application of LEADER methodology. The members of the support groups participated in tens of meetings where the rural residents got together to set up action groups or draft proposals for development plans. Information and advice was also given by phone. The support group drew up a six-page document on the establishment and work of LAGs, and this was sent to all old and new LAGs as well as to the municipalities.

Owing to the efficient information the LAGs were well prepared for the drafting process of the development plans. The support group completed its work in January 1999, and by that time the total number of LAGs in Finland was 57 and these covered almost all rural areas. Naturally most of these had been working for some time, funded through the LEADER II or POMO programmes. Later on the number of LAGs rose to 60. It will not be possible to fund all of these through LEADER+ and thus it has been necessary to look for other sources of financing, such as Objective 1 programme and the Regional Rural Development Programme.

The second stage in the information and training started in April 1999, when the Ministry of Agriculture and Forestry (Rural Policy Committee) asked all the LAGs to send the drafts for their development plans to the Ministry by 31 May 1999. The main purpose of this was to encourage the LAGs to co-operation in mapping out the most important development opportunities and needs of their territories, as well as to prevent overlaps, because only one LAG for each territory is allowed. It is hoped that the new people and associations who become interested in LEADER methodology would join the existing LAGs instead of setting up new competing groups.

During autumn 1999 and spring 2000 the Ministry of Agriculture and Forestry, together with the Rural Policy Committee organised three training sessions concerning the LEADER+ programme and the LAG work in general intended for the new LAGs. The training aimed at improving the skills of the new LAGs in drafting the development plans so that the new groups would be closer to the old ones in terms of the relevant knowledge and skills already during the application process. The existing LEADER II and POMO groups received information on LEADER+ in connection with their own training sessions.

When the Commission Guidelines for the LEADER+ programme had been published, the Ministry of Agriculture and Forestry sent the application instructions consisting of 12 pages to all the LAGs known to exist at that time (altogether 60). The instructions were also sent to the Employment and Economic Development Centres and the Federation of Regions, as well as upon request to all parties interested in LEADER. At the end of May 2000 the Ministry of Agriculture and Forestry organised a training session for all LAGs that had applied funding through LEADER+. The training concerned the application instructions, and questions put forward by the groups were also dealt with.

Information during the programme implementation

At the early stage of the implementation of the LEADER+ programme the Ministry of Agriculture and Forestry will publish a LEADER+ Guidebook intended both for the LAGS and the project implementers, and the Ministry will also issue instructions on the implementation of the LEADER+ programme for the LAGs. The LAGs will be updated on the current issues relating to the programme implementation by post and e-mail throughout the programming period, and advice is also given by phone.

The Ministry of Agriculture and Forestry will provide information and training to the LAGs

on issues related to the implementation of the LEADER+ programme in training sessions organised by the national network unit all through the programming period. If considered necessary, the Ministry will also organise training sessions of its own for the LAGs.

8.2. Information to authorities, interest groups and public at large

Before the LEADER+ programme was submitted to the Commission for approval, a draft of the programme document was sent to the territorial authorities and certain other partners for comment (e.g. Central Organisation of Agricultural and Forestry Producers, organisations for nature conservation, women's organisations, service sector employers). Territorial authorities had also been informed on the LEADER+ programme in connection with other training sessions.

In April 2000 the Ministry of Agriculture and Forestry published an information booklet on the sources of financing for rural areas during the programming period 2000-2006. The information was intended for all rural residents, and it was circulated in connection with the newspaper 'Maaseudun tulevaisuus' ('Future of Rural Areas'), which also contained further information on LEADER+.

After the approval of the LEADER+ programme for Finland and the selection of the groups, the Ministry of Agriculture and Forestry will publish a brochure directed at the rural population concerning the financing possibilities offered by LEADER+ as well as the measures and fields of activity involved. Information on LEADER+ is also available on the Internet pages of the Ministry of Agriculture and Forestry. The project descriptions attached to the applications will be available on the Internet as well. Thus all those who are interested in LEADER+ will be able to see what kind of projects have received financing through LEADER+.

The LEADER+ groups are responsible for more detailed information on the programme in their own territories. Many of the LAGs have web pages of their own, including the contact information and e-mail addresses. At the national level the national network unit also provides information on the LEADER+ programme on their

web pages as well as through their own paper. The information on the programme and projects is based on the guidelines laid down in Commission Regulation (EC) No 1159/2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds.

9 Administrative procedures for LEADER+

9.1 Administration of LEADER+

9.1.1 Central administration

The administrative and paying authority of the LEADER+ programme is the Ministry of Agriculture and Forestry. The contact address of administrative and paying authority:

Ministry of agriculture and forestry, P.O. Box 30, 00023 GOVERNMENT

The Ministry of Agriculture and Forestry determines the annual financial framework for each LAG, including the share of administrative funds available for the groups.

At the level of central administration the principle of partnership is realised through the work group for LAGs set up by the Ministry of Agriculture and Forestry (the composition of this is given in Chapter 7.2). Equal representation of the different territories is guaranteed through the participation of representatives of the territorial administration and local action groups selected from different parts of the country for one year at a time.

The tasks of the work group for LAGs are the following:

- preparation of the national selection criteria for LEADER+ groups and information concerning these
- preparation of the LEADER+ programme
- preparation of the selection of the LEADER+ groups and the proposal concerning this to the Ministry of Agriculture and Forestry
- preparation of issues to be decided in the Monitoring Committee for LEADER+

The work group also assists all LAGs (both LEADER+ groups and LAGs financed through

other programmes) in their work through training and information, as well as deals with problems that have arisen in the work of the LAGs and helps to find solutions to these.

9.1.2 Territorial administration

In the LEADER+ programme the final beneficiary is the local action group. The beneficiary of the project funding may be a single natural person or several natural persons jointly, association governed by public or private law, as well as foundation.

The decisions on financial assistance to projects through LEADER+ are made at the Rural Departments of the Employment and Economic Development Centres based on applications for financing submitted by the LAGs. Each year the Ministry of Agriculture and Forestry authorises the Employment and Economic Development Centres to grant a certain amount of assistance, which corresponds to the total amount on financing granted to the LEADER+ groups operating in the territory of the Employment and Economic Development Centre in question. The decisions on the projects of the LAGs to be financed may not exceed the limits of the financial framework.

9.2 Granting and payment of assistance to applicants

9.2.1 Application procedure

Application forms relating to the projects, together with instructions and appendices, are available both at the LAGs and the Employment and Economic Development Centres. The forms have been drawn up in co-operation with the Ministry of Agriculture and Forestry, and they are ratified by the Ministry. The forms are available both in the electronic form and on paper.

Assistance related to the LEADER+ programme can be applied for all year round, but if considered appropriate the local LEADER+ groups may also invite the projects to compete with each other by taking in the application in at least four periods per year. The LAGs have the obligation to provide information on the opportunities offered by LEADER in their own territory.

The application concerning an individual project is submitted to the LAG in whose territory the development project is to be implemented or where the company is located. Assistance must be applied for before launching the project.

The LAG notes the date of receiving the application on the form. Upon receipt of the application the LAG checks that the application contains all the required information and appendices and, if necessary, requests the applicant to complement the application as well as provides assistance to the applicants. The board members, deputy members, members of the work groups and employees of the LAGs are bound to an obligation to maintain secrecy concerning the information obtained in connection with processing the applications.

The applications are processed by the boards of the LAGs, which also decide whether to propose the project to be financed. When the application is being processed at the LAGs, the board members must comply with the provisions concerning disqualification laid down in the Act on Administrative Procedure (598/1982). Where deemed appropriate, the provisions concerning disqualification shall also be applied for the part of the employees engaged by the LAGs as well as when processing the applications in work groups.

The members and deputy members of the board, members of the work groups as well as employees of the LAGs will sign a promise of confidentiality.

The LAG submits the application together with statement of reasons to the relevant Employment and Economic Development Centre. The application will become pending on the date when it is entered into the diary of the Employment and Economic Development Centre.

The LAGs have to process the project applications without delay.

9.2.2 Decisions

The Ministry of Agriculture and Forestry establishes the annual financial framework for each LEADER+ group, and the LAG concerned has the exclusive right to propose projects to be financed from the framework allocated to it. The Employment and Economic Development Centres make the decisions on granting the assistance based on statements of the LAGs. The decision on granting the assistance is made both for the contribution from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and the national share. The decision on the financing is made by the Rural Department of the Employment and Economic Development Centre in whose territory the LAG operates. If the area where the LAG operates extends to the territory of more than one Employment and Economic Development Centre, the decision is made by an authority in whose territory most of the municipalities covered by the LAG are located. To ensure complementarity, the projects must be processed in the project work group of the Employment and Economic Development Centres, secretariat of the regional co-operation group or in its rural section, according to a decision made in each territory. In the processing of the projects in the said bodies the decision-making model of the LEADER+ programme must be followed

The decisions on financing of enterprise projects not connected to farms are made at the Rural Departments based on preparation according to the Act on Support for Enterprises. The Rural

Department is responsible for the implementation of an administrative procedure required by the LEADER+ Community Initiative according to the Act on Rural Industries Financing. Granting (329/1999) the assistance is based on recommendations of the LAG and the Enterprise Department.

In the case of training projects other than those concerning rural entrepreneurship the Rural Department request a statement from the Employment Department before making the decision, and a binding statement from the State Provincial Offices is requested on training projects leading to basic or vocational degrees or projects relating in an essential way to cultural heritage or professional institutes for arts and culture.

The relevant procedures may be decided in each territory.

The Employment and Economic Development Centres may deviate from the proposals of the LAGs only for particularly weighty reasons, such as cases where the activity proposed is considered to violate the provisions in force or the LEADER+ programme. This also concerns the statement of reasons by the different authorities.

When granting the assistance the authority shall take account of the national and Community legislation, relevant authorisation and the financial framework available for the group in question. The LEADER+ programme for Finland and the development plan of the LEADER+ group in question must also be taken into account in the decision. The authority must process the application without delay. The decision-making process at the Employment and Economic Development Centre should take no more than two months. Based on the experiences from the previous programming period it can be assumed that the project proposals will be better prepared when the groups have gained more experience, and this will also speed up the decision-making processes.

In the case of development projects the decisions to grant the assistance is made either separately for each year of implementation or for no more than three years at a time, while the decisions to grant assistance for enterprise projects is made for the whole period of implementation or no more than three years. The decision has to be accompanied by a statement of reasons, based on either the proposal of the group or reasons for rejecting the project used by the authority within the scope of its discretion (consideration involving matters of law).

Decisions on the use of technical assistance are made by the Ministry of Agriculture and Forestry and the Employment and Economic Development Centres.

As far as possible the LAGs should also take account of the statutory eligibility criteria for the assistance. In particular, the groups have to make sure that the projects proposed by them are in accordance with both the national LEADER+ programme and the development plan of the LAG.

The decision on assistance is sent to the applicant stated in the application form, and it is also notified to the relevant LAG.

9.2.3 Right of appeal

Decisions concerning the granting and payment of assistance may be appealed to the Appeals Board for Rural Industries. Before making the decision, the Appeals Board requests a statement from the Employment and Economic Development Centre and, when deemed necessary, this requests a statement from the relevant LAG to be attached to the documents sent to the Appeals Board.

9.2.4 Payment of assistance

The payment of assistance is applied for using a form ratified by the Ministry of Agriculture and Forestry. The applicant submits the form to the

relevant LAG, which processes the form and makes sure that it has been filled in correctly and contains the required information and documents. The LAG prepares the decision on payment and submits this as its statement to the Employment and Economic Development Centre. The processing of the applications for payment by the LAGs should take no more than one month. Decisions on the payment of assistance are made at the Rural Departments of the Employment and Economic Development Centres. The authority has the public liability to make sure that the payment criteria are met. Assistance is paid on the basis of the approved realised costs or, in the case of advance payments, based on cost estimates. The board members, deputy members, members of work groups and employees of the LAGs are bound to an obligation to maintain secrecy concerning the information obtained in connection with processing the payment application, *especially that the rules laid down by the Commission Regulation (EC) No 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds, are respected.*

The authority granting assistance makes the payment upon application based on an approved account submitted by the beneficiary. The beneficiary should receive the payment within three weeks from the submission of the application.

The actual payment is made by the Information Centre of the Ministry of Agriculture and Forestry, after obtaining a payment order from the paying authority.

Payment must be applied for no later than three months from the termination of the period granted for the implementation of a development project or enterprise project. Assistance may be paid for no more than two years after the end of the programming period.

Assistance for development projects is paid annually on the basis of verified, approved costs in no more than four instalments, including the possible advance payment. The advance payment may be 30 per cent of the assistance at the maximum. Advance may be for a non-profit organisation governed by private law if sufficient reasons for this are provided. When deemed necessary, the Employment and Economic Development Centre may require that a security be lodged to make sure that the advance is used for the intended purpose. A security must be required when considered necessary by the LAG or the Employment and Economic Development Centre. The recipient of the advance has the primary liability for possible infringements, but if the assistance cannot be recovered through recovery proceedings, the State of Finland is liable for the advance. Advance payments are not included in the requests for payment submitted to the Commission.

If advance payment has been made to a project, the following payment may not be applied for until the share of the project corresponding to the first instalment (i.e. the advance) and the second instalment is implemented and the costs accrued correspond to the first and second instalments. The recipient provides an account of the use of funds in connection with the payment application.

An account of the realisation of the municipal funding and other public and private funding (including payments in kind) must be attached to the application for the payment of each instalment. The payment of the last instalment is subject to the condition that the beneficiary of the aid submits an account of the activities, use of funds and realisation of the project within the time limit and in accordance with the terms of the decision on the assistance.

In the case of building investments related to development projects the assistance is paid in no more than five instalments, including the possible advance payment. The advance payment

may be no more than 20 per cent of the total amount of assistance. The last instalment shall not be payable until the building is completed, and a certificate of the completion must be provided, issued either by an inspector approved in the decision on assistance or authority according to the decree of the Ministry of Agriculture and Forestry.

Assistance for building relating to entrepreneurial activity is paid in no more than five instalments according to the stages of the building project. A certificate on this may be issued by an authority according to the decree of the Ministry of Agriculture and Forestry or inspector approved in the decision on assistance by the Employment and Economic Development Centre. No advance payments may be made. The last instalment is paid after the building is completed

Assistance granted for investments other than those concerning building projects is paid on the basis of the realised costs in no more than two instalments after the assets concerned have been paid in full and the ownership has been transferred to the applicant.

More detailed instructions on the payment procedure may be issued by decrees by the Government and the Ministry of Agriculture and Forestry.

Payments in kind

Payments in kind may be approved as parts of the private financing.

Upon application the applicant must provide a plan concerning the use of the payment in kind. The LAGs shall consider whether the applicant has the necessary skills and abilities to perform the envisaged payments in kind, and the authority making the decision on granting the aid also approves the use of payment in kind, which must fulfil the general eligibility criteria. Payment in kind may be assigning land or real

estates, implements or raw materials to the project research or professional activity as well as voluntary work. Voluntary work may be included in the costs and private financing of the project only in the case of non-profit projects, while unpaid work for enterprises may not be considered voluntary work. Separate accounts must be kept on the payment in kind, indicating the type of payment, unit price and total price, time and the persons involved. The person doing the voluntary work must confirm the bookkeeping on the work by his/her signature, and the assignment of other payment in kind must be confirmed by a signature of an external party, in addition to the assignor. More detailed provisions on the concept of approved voluntary work and the maximum unit prices, maximum amount per project as well as maximum share of voluntary work in private funding will be issued by a decree of the Ministry of Agriculture and Forestry.

9.2.5 Bookkeeping and monitoring

The assistance is granted subject to the condition that the beneficiary keeps separate accounts of the activities according to the decision. However, separate bookkeeping is not required if the activity is related to the business activity of the beneficiary or other activity, and the implementation and financing of the project can be indicated through a separate account of the economic operator, enterprise or other corporation so that the control of the accounting can be conducted without difficulty.

The beneficiary has to keep all the receipts and documents relating to the activity so that they are readily available for inspection. Bookkeeping and the documents relating to this shall be kept as laid down in the Bookkeeping Act (1336/1997). If the economic operator or company is not obliged to bookkeeping according to the said Act and no provisions on the bookkeeping in the matter concerned are laid in other legislation, the relevant principles on bookkeeping laid down in the Bookkeeping Act shall be complied with. The

bookkeeping and related documents must be kept as provided in Sections 9 and 10 of the Act, but at least for three years from the payment of the last instalment for the programming period by the Commission of the European Communities.

The administrative bookkeeping of the funds included in the State bookkeeping is conducted through the bookkeeping system of the Information Centre of the Ministry of Agriculture and Forestry

9.3 Financial framework for LEADER+ groups

Each LAG is granted an annual financial framework. This covers the project funding to be applied for as well as the administration of the LAGs and the funds that may be needed for the acquisition of skills.

The establishment of the financial framework for the first year of operation is based on the type of the development project and the proposed measures, estimate by the group concerning the need for financing as well as, to some extent, on the population of the territory of the LAG. When establishing the financial frameworks for the following years the realised actions of the groups are also taken into account, including the share of the tied and paid funds in the quotas for the previous years, control information and realisations of the principles of LEADER+.

The decision on the use of the financial framework is made by the LAG alone. However, the maximum amount of administrative funds and funds for the acquisition of skills intended for new groups within the annual financial quota is set upon the allocation of the financial frameworks, and the group cannot exceed these. This makes sure that most of the funds are used for project financing.

If part of the annual financial framework remains untied, it may be transferred to the following year.

9.4 National network unit

The tasks and obligations of the national network unit for the part of services directed at the LEADER+ groups have been defined in this programme document (Chapters 5.3 and 9.4). The duties are the same independent of the financing source of the network unit and whether it is also responsible for tasks outside the LEADER+ programme.

The national network unit is funded nationally, and it serves all the LAGs financed through the different programmes (e.g. LEADER+, Objective 1, Regional Rural Development Programme). If possible, the activity of the joint network unit for all LAGs will continue throughout the programming period 2000-2006. The administration of the network unit will be organised based on an open invitation to tender towards the end of 2001.

The network unit reports to the Ministry of Agriculture and Forestry on the use of funds and progress of operations twice a year. When the activity of the network unit comes to an end but before the application of the final instalment the network unit files a final report on the activity and use of funds during the whole programming period.

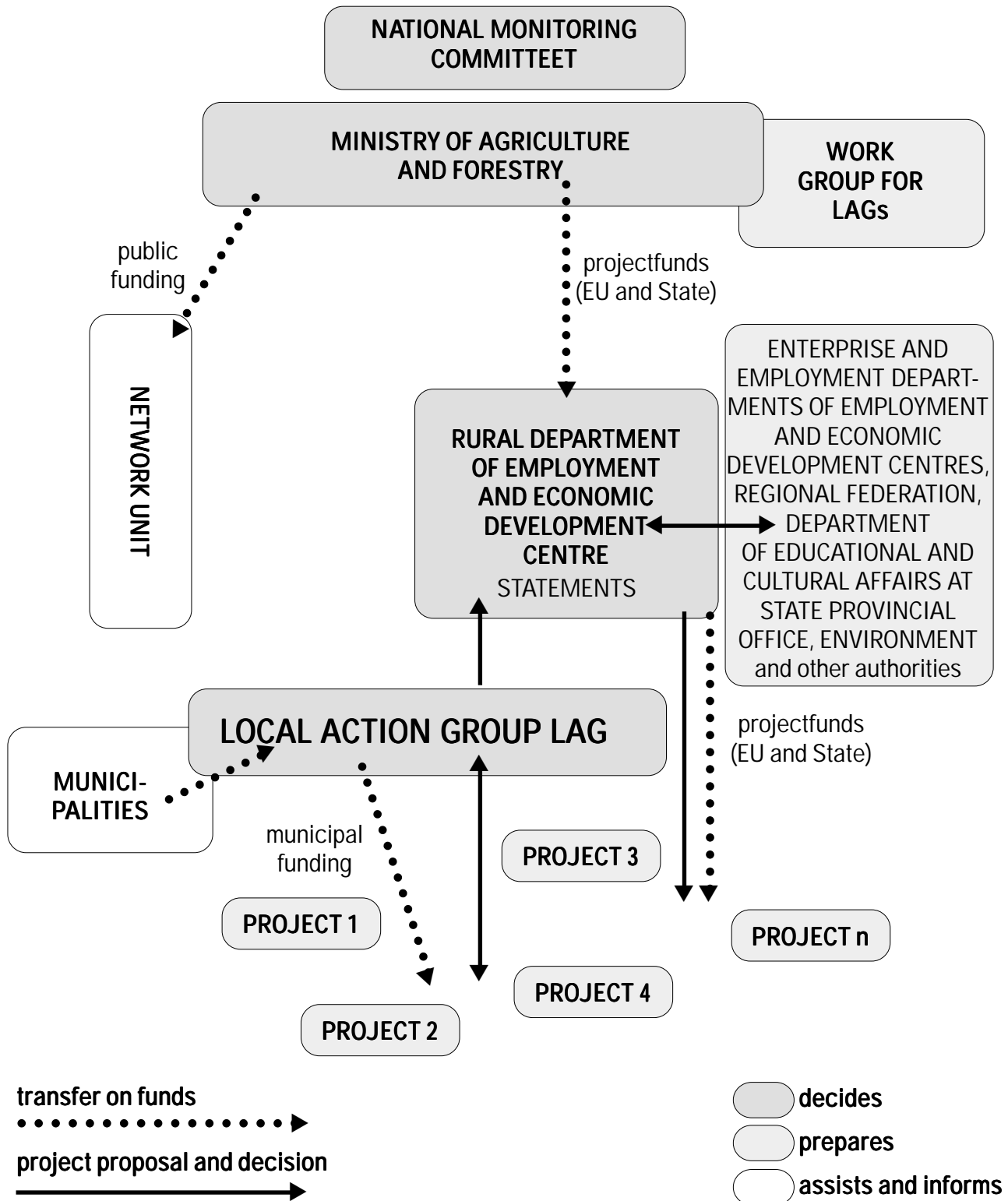
The work of the unit is also monitored and directed by a guidance group set up for this purpose, with a representative from the Ministry of Agriculture and Forestry.

An administrative inspection of the network unit is conducted at least once during the programming period.

9.5 Monitoring

Monitoring provides information on the progress and realisation of the objectives for the part of individual projects, development plan of each LAG and the whole LEADER+ programme. The

Administrative model for LEADER+ in Finland



Kuva 12. Suomen LEADER+ -ohjelman hallintomalli

activities at these three levels are monitored through monitoring reports drawn up twice a year and information recorded in the project register. The monitoring measures are in accordance with provisions laid down in Articles 34-37 of Regulation 1260/99.

The implementers of the projects file a progress report twice a year, and after the end of the project, in connection with the application for the last payment, a final report is submitted. The last instalment is not payable until the final report has been submitted. The reports contain information on the use of funds and realisation of the quantitative objectives, as well as a qualitative description of the progress and realisation of the project. The project reports are submitted both to the LAGs and the Rural Departments of the Employment and Economic Development Centres.

The LAGs file progress reports twice a year after the implementers of the projects have submitted their own semi-annual reports. In addition to the use of administrative funds, the report covers the quantitative and qualitative implementation of the development plan, as well as the realisation of the principles of LEADER+, the composition of the board and development of the membership of the association or co-operative. The reports of the LAGs are submitted to the Ministry of Agriculture and Forestry and the Rural Departments of the Employment and Economic Development Centres.

Reports on the use of funds for the acquisition of new skills are drawn up based on the same principles, and the reports are submitted to the Ministry of Agriculture and Forestry.

The national network unit also submits a report on the use of fund and progress twice a year.

More detailed instructions on drawing up the monitoring reports to the implementers of the

projects and LAGs are issued after the approval of the LEAFER+ programme for Finland.

The Ministry of Agriculture and Forestry maintains a register on the projects financed in its administrative sector. The authority enters the data on the LEADER+ projects to the register in connection with the preparation of the decisions on the projects as well as the decisions on granting and payment of the assistance. The annual administrative funds for each LEADER group are also considered a project. The implementation of the projects funded through LEADER+ is monitored through the register and the bookkeeping system (e.g. amounts of tied and paid funds, realisation of the objectives). In connection with a decision to grant the assistance the initial state is also fed to the register for the part of e.g. number of jobs in order to be able to assess the results of the project in relation to the initial situation.

The Ministry of the Interior maintains a joint information system of all ministries, FIMOS2000, where the authorities participating in the financing of the programme enter the data on the reservations, commitments, payments and monitoring indicators concerning the projects implemented through the EU programmes. A summary of the implementation of LEADER+ is also entered to the FIMOS2000 register.

Monitoring Committee

The Monitoring Committee for the LEADER+ programme is set up within no more than three months after the Commission has approved the programme document of Finland.

The task of the Monitoring Committee to be set up for LEADER+ is to ensure the efficiency and quality of the programme implementation. It approves the annual and semi-annual reports before they are submitted to the Commission, as well as the possible change e.g. in the financial structure before the Commission decision.

The Ministry of Agriculture and Forestry draws up the annual and semi-annual reports concerning the implementation of LEADER+. The work group for LAGs processes the reports and they are approved by the Monitoring Committee before the submission to the Commission.

10 Control provisions

10.1 Control

The control of the LEADER+ Community Initiative includes administrative and on-the-spot checks. The implementation of the measures as well as the administrative inspections and controls are also checked to make sure that the implementation and control of the measures comply with the national and EU requirements for financial management. The inspections also cover the efficiency of the existing administration as well as reported expenditure.

The administrative and paying authority for the LEADER+ Community Initiative in Finland is the Ministry of Agriculture and Forestry, which is thus responsible for the use of the structural funds to the Commission. The Ministry of Agriculture and Forestry makes appropriate arrangements for the control of the use of funds so that the fulfilment of the criteria as well as compliance with the terms for the granting and payment of assistance are verified. Provisions on the responsibility for implementation will be laid down by a Government decree and rules of procedure of the Ministry of Agriculture and Forestry. For the part of control the responsibility for implementation is divided so that the Control Unit is responsible for the on-the-spot checks and the Rural Policy and Structural Policy Unit is responsible for the other implementation of the programme.

In the LEADER+ Community Initiative the LAGs also monitor the progress of the projects and use of funds. The LAGs are also obliged to report any violations of the rules to the Employment and Economic Development Centre that granted the assistance.

10.1.1 Administrative checks

Administrative checks include the checks made in connection with each application for assistance

and payment as well as, when deemed necessary, the related on-the-spot checks in order to verify the fulfilment of the criteria for the granting and payment of the assistance. The administrative checks are conducted by the Rural Departments of the Employment and Economic Development Centres based on guidelines from the unit administering the assistance at the Ministry of Agriculture and Forestry.

The unit administering the assistance also conducts administrative checks at the Employment and Economic Development Centres.

10.1.2 On-the-spot checks

On-the-spot checks (five per cent) based on Commission Regulation (EC) No 2064/97 are made according to an annual control plan. The Ministry of Agriculture and Forestry issues instructions and is responsible for the arrangement of the on-the-spot checks of the projects included in the programme. The Ministry may provide by decree that the Employment and Economic Development Centres or other authorities are used to assist in the control, as well as assign special control duties to other bodies. The on-the-spot checks of the projects are made either on the basis of random sampling based on risk analysis or as additional control based on discretion for special reasons. In the selection of the sample of the projects for checks it should be made sure that the checks will cover different types of projects of different scales. On-the-spot checks based on samples cover all the rural development measures included in the programme, and the checks must be evenly distributed over the whole programming period. Decisions on projects concerning the administrative funds of the LAGs are also included in the random sampling process, and risk factors observed in connection with national or Community checks or otherwise during the implementation must be taken into account in the sampling.

All LAGs shall be subjected to at least one checks during the programming period.

On-the-spot checks cover the activity, results and bookkeeping of the LAGs, realisation of the financing, reporting as well as the eligibility of the costs. The correctness of the decisions concerning the assistance and payment is also assessed by inspections concerning the quality of the administrative decisions made by the Employment and Economic Development Centres, because this is one way of verifying the efficiency of the administrative system.

10.2 Sanctions

According to Section 46 of the Act on Rural Industries Financing, the payment of aid granted on the grounds of the said act shall be terminated and the aid shall be ordered recovered in full or partly if the aid has been used for purposes other than it was granted for or the beneficiary of the aid has yielded false information influencing the granting or payment of the aid or otherwise acted in a deceitful manner. According to Section 50 of the said Act, if the beneficiary of the aid has acted in a manner provided for in Section 46, the amount to be recovered may be raised by no more than 20 per cent and in the case of a serious violation by no more than 100 per cent.

The payment of the aid may be terminated and the aid may be ordered recovered partly or in full if:

- a) the aid has been granted or paid on false grounds
- b) the beneficiary of the aid has without any compelling reason terminated or essentially reduced the activity the aid was granted for within five years from the payment of the last instalment

- c) the beneficiary of the aid has relinquished property the aid was granted for otherwise than by acquisition through inheritance to a person who does not fulfil the eligibility criteria within five years from the payment of the last instalment and without the consent of the Employment and Economic Development Centre
- d) the ownership of a general partnership, limited partnership, co-operative or limited company engaged in agriculture and forestry or entrepreneurial activity change otherwise than by acquisition through inheritance so that eligibility criteria are no longer met
- e) terms laid down in the aid decision or document the aid is based on have not been complied with
- f) the beneficiary of the aid refuses to yield information relating to the use or control of the aid or accounts or other documents to the inspectors or adequate assistance in performing the inspections
- g) there is a weighty reason similar to those listed above for the termination or recovery of the aid.

The Ministry of Agriculture and Forestry is responsible for the recovery of the subsidies it has granted and termination of payment. In other cases the decision on recovery and termination of payment is made at the Employment and Economic Development Centre which granted the aid. The unit administering the aid is responsible for the instructions concerning the further measures to be taken by the Rural Departments as well as the monitoring of their implementation. The administering unit draws up the report on infringement based on information from the Employment and Economic Development Centres and forwards this to the control unit UCLAF for reporting.

11 Evaluation

The evaluation of the LEADER+ programme comprises the ex ante evaluation of the programme and the development plans of the LAGs, the mid term and ex post evaluation of the programme, and voluntary self-evaluation of the groups themselves. The ex ante evaluation has been dealt with in Chapter 3, and this chapter is mainly concerned with the mid term and ex post evaluation of the programme.

The objective of the evaluation of the LEADER+ programme is to examine the solutions the LEADER+ programme, the LAGs and individual projects supported by the LAGs offer for reinforcing the viability of the rural areas. Another subject of evaluation is how well the integrated and coherent approach, measures promoting the pilot nature as well as the bottom-up approach have been realised in the programme implementation. The evaluation also comprises the practical decision-making procedure in the LAGs.

The evaluation must consider the impacts of the programme in different areas and to what extent the qualitative and quantitative objectives have been reached in each measure, taking into account the administrative and economic aspects as well as networking. It is also examined how well the activity of the LAGs has followed their development plans and the LEADER+ programme for Finland and the general LEADER+ objectives of the Commission.

The authority in charge of the programme (ministry of agriculture and forestry) will set up an evaluation system according to the guidelines that will be provided by the Commission. The evaluation system shall be submitted for discussion to the Commission, and then adopted by the monitoring committee of the programme.

The purpose of the external evaluator is to assist the Monitoring Committee for LEADER+ and the authorities involved in implementing the programme. When deemed necessary, the evaluator may also be requested to participate in the meetings of the Monitoring Committee.

The evaluation of LEADER+ must be conducted by independent external evaluators who are familiar with the LEADER+ programme and its special characteristics in relation to the Objective 1 and 2 programmes and the Regional Rural Development Programme, using appropriate evaluation techniques. The party conducting the mid term evaluation will be selected after the approval of the LEADER+ programme for Finland and the selection of the LAGs in 2001 based on a public invitation to tender. The selection is made by the Ministry of Agriculture and Forestry on the proposal of the work group for LEADER+. The ex post evaluator of the programme is selected in 2006, also based on an open tender.

The number of the monitoring indicators for the programme has been cut from the previous programming period to include such indicators only that are particularly important in view of the monitoring of the programme. This simplifies the monitoring at the national level and eases the work load at the level of the territories. In addition to the indicators for monitoring the LEADER+ programme for Finland the LAGs have to select appropriate indicators for the monitoring concerning their own development plans. The official data on monitoring indicators obtained from the Hanke 2000 monitoring system are used in the evaluation. The data may be complemented by further indicators for monitoring the Commission may issue as well as information relating to monitoring indicators established and compiled by the LAGs, statistics, as well as

through other surveys, e.g. enquiries. The Finnish national and territorial authorities as well as the LAGs have to make sure that all the most important documents and monitoring data on the projects are readily available to the evaluators.

Examples of monitoring indicators describing the implementation of the LEADER+ programme:

- new / renewed jobs
- new enterprises
- number of persons participating in the training and number of days of training
- value of investments
- number of participants in animating meetings

The realisation of the principles of LEADER is mainly evaluated through the qualitative descriptions of the LAGs, and the participation of the local residents in the administration of the LAGs is also examined.

The evaluation is also concerned with the realisation of the pilot nature of the projects, which receives considerable emphasis in the programme. This is assessed based on the following factors, among other things:

- development of new local products and services
- new methods to combine the human, natural and/or economic resources of the area, aimed at better utilisation of the opportunities existing in the territories
- combining and co-operation of sectors of economic activity that have traditionally been separate (e.g. the so-called third sector and companies)
- new means to involve the local residents in the decision-making procedure and implementation of the projects

In addition to the programme level of the LEADER+ for Finland and the level of the LAGs, the evaluation must also cover the functioning of the national network unit.

In the evaluation special attention should be directed at the environmental impacts of the LEADER+ programme for Finland, development plans drawn up by the LAGs and individual projects. Both negative and positive impacts should be taken into consideration, together with the application of the EIA procedure (environmental impact assessment) at the different levels. One important aspect considered in the evaluation is to what extent the environmental values have been taken into industrial use without compromising the preservation of biodiversity.

Further, in the evaluation particular emphasis must be given to the realisation of equality. In addition to the perspectives of men and women the impacts of the measures in view of the development of the living conditions for the young are estimated. It is also considered to what extent the measures are directed at the unemployed and rural people threatened by social exclusion. The consistency of the measures financed through LEADER+ with the Community rules on competition is also examined.

The LEADER+ Monitoring Committee will establish more detailed requirements for the mid term evaluation, which must take account of the guidelines for conducting the mid term evaluation the Commission may issue during the programme implementation.

According to Article 2, paragraph 2 of the General Regulation, the results of the first mid term evaluation must be submitted to the Commission by 31 December 2003, after having been discussed at the Monitoring Committee.

Based on the mid term evaluation the financial frameworks for the LAGs may be revised depending on the implementation of the development plan in relation to the set objectives. According to Article 42, paragraph 4, the second, up-dated mid term evaluation must be completed by 31 December 2005.

The party conducting the ex post evaluation is selected in 2006 by an invitation to tender. The guidelines concerning the ex post evaluation the Commission may have issued during the programming period will be taken into account.

The costs of the mid term and ex post evaluations will be paid from the technical assistance for LEADER+.

In addition to the official evaluation, the LAGs should evaluate their own activities from the very beginning of the development plan in order to be able to monitor whether the desired results can be reached. Self-evaluation should cover all

aspects of the groups activities, such as the efficiency of the every-day processes, i.e. advice to the territory and projects, processing of project applications and monitoring of the payments, participation of the board of the LAG in advancing the development plan, how well the projects financed by the LAG contribute to the objectives of the development plan, as well as the contacts established between the LAG and other operators, e.g. implementers of the projects, various training and development organisations in the territory, other LAGs, financing authorities and other authorities. Self-evaluation provides the LAGs with current information on the results of their activity and development needs

12 Consultation and participation of different partners in the monitoring committee

Consultation of different partners

In accordance with the guidelines for LEADER+, all the most important parties have been heard before the submission of this programme document to the Commission. The draft of the programme document was sent to the different ministries (Ministry of Trade and Industry, Ministry of the Interior, Ministry of Labour, Ministry of Education, Ministry of the Environment, Ministry of Social Affairs and Health, Ministry of Finance) all departments of the Employment and Economic Development Centres (Rural Departments, Enterprise Departments, Employment Department) Federations of Regions, Regional Environment Centres, Departments of Educational and Cultural Affairs at the State Provincial Offices and the Federation of Municipalities, as well as the LAGS that had submitted applications concerning LEADER+.

Among the various interest groups relating to LEADER+, the programme document was sent to the Finnish- and Swedish-speaking Central Organisations of Agricultural and Forestry Producers, the Association of Rural Advisory Centres, the rural research and education centres of the University of Helsinki, the Federation of Finnish Enterprises, 5 municipal industrial companies, the Finnish Village Action Movement, the Finnish Association for Nature Conservation, the Coalition of Finnish Women's Associations for Joint Action, the Employers' Confederation of Service Sector Industries in Finland, the Finnish 4H association, the Women's Advisory Organisation for Development of Rural Areas, the Martha Organization and the Finnish Crafts Organization. The Regional Environment Centres were also requested to inform the environmental organisations operating in their territories on the draft.

Results of the consultation / the most important observations

In general the parties who gave their statement were quite satisfied with the structure and contents of the LEADER+ programme. In particular, it was considered positive that the contents of the programme were based on the development plans of the LAGs, as well as the fact that the programme provides only the general framework for the implementation of different kinds of development plans.

Several LAGs as well as some representatives of the territorial administration expressed their concern that the funds reserved for the administration of the LAGs might be inadequate as the amount of work done by the groups is going to increase. A number of parties also considered that the objective of targeting 35 per cent of the funding to enterprise projects was too ambitious, while others saw the strong emphasis on industries as very positive. The quantitative objectives of the programme were also regarded as too optimistic, and they should be lowered. The complementarity in relation to the other programmes also needed further specification. A number of groups and the Employment and Economic Development Centres also wished that the reporting schedules of the implementers of the projects and LAGs be staggered. The programme has been revised for the part of the above issues, among other things, after the statements.

Some of the proposed changes were not in accordance with the Commission guidelines and had to be disregarded.

Composition of the Monitoring Committee

According to the principle of tripartition, the Monitoring Committee is composed of the representatives of the national and territorial authorities and social partners based on equal representation. In order to secure the equal representation between the sexes, the share of men and women must be 40-60 per cent. Representatives from the Ministry of Agriculture and Forestry act as the chairman and secretary of the Monitoring Committee.

The members of the Monitoring Committee come from the Ministry of Agriculture and Forestry, Ministry of the Interior, Ministry of Trade and Industry, Ministry of Labour, Ministry of the Environment and Ministry of Education. Regional administration is represented by members from the Rural, Enterprise and Employment De-

partments of the Employment and Economic Development Centres as well as the Regional Councils, Regional Environment Centres and Departments of Educational and Cultural Affairs at the State Provincial Offices. Members representing the interest groups come from the Federation of Finnish Enterprises, Association of Finnish Local and Regional Authorities, municipal industrial companies, Central Organisation of Agricultural and Forestry Producers, Finnish 4 H Association, Association of Rural Advisory Centres, Finnish Crafts Organization, the theme group for young people of the Rural Policy Committee and Finnish Village Action Movement. The LAGs are also represented in the Monitoring Committee.

The Commission representative has an advisory role in the Committee.

13 Compatibility with other community programmes and policies

The LEADER+ programme complements and reinforces the other rural development programmes. The main differences between LEADER+ and the other programmes is the small scale and local orientation emphasised in LEADER+, which brings together the resources at the local level and aims at activating the rural residents. The objective is to encourage the rural population to seeing that they can influence their own life and future. The decision-making model of LEADER+ provides a new channel for influence, and the territorially-based decision-making influences the projects to be selected in an essential way.

The LAGs are actively searching for new ways of practical co-operation with regional authorities and other parties involved in rural development to avoid overlapping. Due to the different perspective, the project financing through LEADER+ is allocated on different grounds than in the mainstream programmes. LEADER+ makes it possible to extend the scope of application of the EAGGF to finance projects outside the Objective 1 and 2 areas that otherwise would not be eligible for financing. In the case of enterprises, financing is mainly directed at very small firms employing 1-2 persons. Unlike in the mainstream programmes, international joint projects with similar groups in other countries are also eligible for financing through LEADER+.

LAGs may be financed through programmes other than LEADER+, e.g. the Regional Rural Development Programme or Objective 1 programme, i.e. they have matured so that it has been possible to include them in the so-called mainstream programmes. However, there may not be more than one LAG in each territory, and thus the overlap of LAG activities financed through different programmes is not possible. The administration model also makes sure than no overlapping in the financing may occur.

LEADER+ constitutes an important part of the programme-based rural development, including the Regional Rural Development Programmes and the Horizontal Rural Development Programme, which covers the whole country. These are complemented by e.g. the national forest strategy and legislation regulating the use of forests as well as national support measures. The programmes have been designed to complement each other so that in the Horizontal Rural Development Programme the main emphasis is on environmental measures, including the preservation and maintenance of traditional biotopes related to agricultural production.

The restrictions due to the common agricultural policy and, in particular, the implementation of the common market arrangements have been taken into account in the LEADER+ programme. The measures included in the plan are targeted at promoting projects and measures that will reinforce the impacts and efficiency of the market arrangements or that will direct the production away from sectors where the production is also restricted through market arrangements.

The enterprises and industrial activity receiving the aid will not distort the competition in a manner referred to in Articles 80-85 of the Accession Treaty. A significant share of the activities eligible for the aid are covered by the exceptional provisions laid down in Article 2 of Council Regulation (EEC) No 26/XXX concerning the application of competition rules to the production and trade of agricultural products. Enterprises with prohibited contracts with enterprises in other countries or that meet the criteria for other prohibited actions or that would practise imports or exports through contractual arrangements that violate the rules of the competition policy are not expected to appear even as applicants for the aid through LEADER+.

13.1 Horizontal Rural Development Programme

The Horizontal Rural Development Programme contains measures which have direct impacts on arable land and the environment. Instead, through LEADER+ financing is directed at measures promoting small-scale processing of primary products or the social and economic welfare of the rural areas. Thus the programmes do not overlap. The primary objective of LEADER+ is to diversify the industrial structure of rural areas and increase the opportunities to earn one's livelihood from sources other than agriculture.

13.2 Objective 1 programme

In 2000-2006 two Objective 1 programmes are being implemented in Finland, one for Eastern and one for Northern Finland. The programme for Eastern Finland covers the regions of Etelä-Savo, Kainuu, North Karelia and Pohjois-Savo, while the programme for Northern Finland covers one region as a whole, that of Lapland, and parts of the regions of North Ostrobothnia, Central Ostrobothnia and Central Finland. The population of the Objective 1 area is a little over a million.

The Objective 1 programme is financed through four funds: EAGGF, ERDF, ESF and FIG. The public funding for the Objective 1 programme for Northern Finland totals EUR 642.81 million, and the EU contributes EUR 321.40 million of this. The public funding for the Objective 1 programme for Eastern Finland totals EUR 1,253.19 million, of which the EU contributes EUR 626 million. The programmes for both Northern and Eastern Finland contain a specific priority for rural measures, which is mainly financed from the Guidance Section of the European Agricultural Guidance and Guarantee Fund.

In Eastern Finland the objective is to expand and reinforce the economic basis for agriculture by diversifying the rural industries, improving their

competitiveness and developing the operating environment of rural enterprises. Production chains based on the local raw materials as well as the resources and natural values of the territories are reinforced, with special emphasis on the weak links in the chain. The rural entrepreneurial activity is developed based on the clusters and production chains, and special attention is directed at improving the skills of the rural population relating to the information society and communication. The structure of the jobs is developed so that the possibilities of, in particular, the rural women for self-employment are improved. The priority concerning the rural areas is divided into measures to promote agricultural investments, start-up of young farmers, rural development and adjustment, forestry and training.

In the rural strategy for Northern Finland the objective is to control the migration away from the rural areas by securing adequate opportunities for earning the living, especially for the young, as well as a good living environment. Based on these objectives, the measures are in the first place directed at securing the continuation and improving the competitiveness of basic production, improving the structure of farms and the living, working and production conditions, diversification of the industrial basis of rural areas, developing the operating environment, promoting interaction between rural areas and population centres, as well as improving the level of skills, local initiative, services and infrastructure. All four funds referred to above are involved in the implementation of the measures included in this priority.

13.3 Regional Rural Development Programme

The Regional Rural Development Programme is financed from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-Guarantee Section). The public funding for the programme totals EUR 387.77 million, of which the EU contributes EUR 116.33 million.

The objective of the Regional Rural Development Programme is to stop the depopulation of the sparsely populated rural areas and rural heartland areas and through this to achieve a more balanced development and structure of the population in the programme area (population objective). Other objectives, and partly measures to achieve the end, are the preservation of rural villages as active environments for living, work and entrepreneurship (residence objective), diversification of the industrial structure to meet the demand, increasing entrepreneurial activity and employment opportunities, as well as reinforcing the economic basis of farms (employment and industry objective), extensive improvement of knowledge and skills, which promotes the achievement of all other objectives (strengthening of expertise objective), as well as supporting measures with positive impacts on the state of the environment (environmental objective).

The priorities of the Regional Rural Development Programme are:

1. Development of agriculture and forestry
2. Diversification of rural industries
3. Development of rural communities

13.4 Objective 2 programme

In 2000-2006 two Objective 2 programmes will be implemented, one for Southern and one for Western Finland. The objective is to develop rural and urban areas seriously affected by the structural change. In Southern Finland the programme covers the following regions or parts of them: South Karelia, Kymenlaakso, Itä-Uusimaa, Päijät-Häme, Kanta-Häme, Uusimaa and Varsinais-Suomi. The programme for Western Finland covers Satakunta, Pirkanmaa, Central Finland, South Ostrobothnia, Central Ostrobothnia, Ostrobothnia and North Ostrobothnia. The total population of these regions is about 1.6 million, which is 31 per cent of the Finnish population.

The Objective 2 programmes are financed from the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The public funding for the Objective 2 programme for Western Finland totals EUR 710.3 million, and the EU contributes EUR 284.1 million of this. The public funding for the Objective 2 programme for Southern Finland totals EUR 545.9 million, of which the EU contributes EUR 218.3 million.

The objective of the programme for the part of rural areas is to secure the general operating conditions for entrepreneurial activity, e.g. through measures improving the regional structure and environment of the countryside by means of projects concerning the water supply and roads, energy supply and communications as well as the environment. Basic services relating to e.g. culture are also very important to encourage the more highly educated people to stay in or move to the countryside.

Another main objective is the development of the interaction between the urban and rural areas in order to increase the employment opportunities through co-operation based on partnership. The different lines of business and clusters in the development of enterprises provide excellent opportunities for such interaction.

13.5 Objective 3 programme

The implementation of the Objective 3 programme is based on the ESF framework drawn up for the programming period 2000-2006 on the basis of the General Regulation concerning the structural funds of the European Union and the Regulation of the European Social Fund. The framework is also linked to the National Action Plan (NAP) of the Finnish employment policy according to the EU guidelines concerning employment.

The horizontal focal areas of the ESF framework include the information society, equality, local partnership, sustainable development and anti-

icipation, and these need to be taken into account through the penetration principle in all EFS actions.

The actual areas of focus in the framework are:

- improving the position of those affected by long-term unemployment and utilisation of the demand for labour
- promoting equal opportunities in the working life and preventing social exclusion
- improving the quality and impacts of training and reinforcing the relationship between training and working life
- promoting entrepreneurship, innovative development of the mobility of labour, working life and the work organisations

The public funding for the Objective 3 programme totals EUR 1,039.4 million, of which the EU (ESF) contributes EUR 415.8 million.

13.6 Equal

The objective of the Community Initiative EQUAL is to find new means of preventing all kinds of discrimination and inequality on the labour market by means of international co-operation. The Community Initiative is also concerned with the social and professional integration of the asylum-seekers. EQUAL is financed from the European Social Fund.

EQUAL is implemented according to priorities established on the basis of the four pillars of the European employment strategy. Finland has proposed the following priorities and measures to be selected. The integration of refugees is included in the priorities on the basis of the general rules.

1. Employment

Facilitating the entry and return to the labour market to create an open market, which also serves those with difficulties in integrating into the labour market.

Prevention of racism and hatred towards foreigners on the labour market.

2. Entrepreneurship

Reinforcing the socio-economic structures (the third sector), in particular, the public services with special emphasis on improving the quality of the jobs.

3. Adjustment

Supporting the adjustment of the enterprises and employees to the structural change in the economy and use of information technology and other new technologies.

4. Equal opportunities for women and men

Reducing the gap between the sexes and dispelling the traditional division of jobs between men and women.

To be able to implement more extensive projects, the practical implementation of EQUAL is based on territorial or sectoral holistic and integrated Development Partnerships (DP). The parties involved determine the object to be developed and agree on the strategy and the means to be used, based on innovative approaches. The DPs launch international co-operation and participate in thematic co-operation as well as dissemination and mainstreaming of good practices.

The DPs are responsible for the progress of actions included in their programmes, organisation of the co-operation between the DP projects and other parties involved, information, appropriate use of funds, monitoring of private and public funding and publication of information on the results, compilation and publication of other monitoring data, final report as well as keeping the documents relating to the project. One of the partners is responsible for the administration and finances of the DP.

Those launching the DPs have to make sure that the essential operators, such as citizens' organisations, labour market, enterprises (especially SMEs), territorial and local authorities, education establishments and research institutes are involved in the activity. It is of primary importance to secure the participation of small and new actors with innovative ideas, as well as the target groups and their representatives and their possibilities to influence the actions. As far as considered possible, the LAGs may participate in the co-operation with the Development Partnerships.

In the EQUAL Community Initiative important strategies and means producing particular value added in relation to the national strategies are

- possibility to experiment with new, holistic solutions to prevent discrimination and social exclusion
- measures are targeted specifically at those who are in the weakest position on the labour market or excluded from the social context
- value added from international co-operation available either through new kinds of partnerships or experiences and strategies of other countries that have not yet been applied in Finland
- requirement concerning the participation and resourcing of the target groups
- the system for disseminating and mainstreaming good practices at different levels, including the European level and
- mainstreaming of equality between the sexes and promotion of equal opportunities through special measures.

The public funding for the Community Initiative EQUAL totals EUR 144.6 million, of which the EU (ESF) contributes EUR 72.3 million.

13.7 INTERREG III

The objective of the Interreg Community Initiative is to reinforce the economic and social cohesion of the Community by promoting cross-border co-operation between the countries as well

as inter-territorial co-operation and balanced development in the European Union.

Interreg is financed through the ERDF, but its scope has been extended to measures normally funded through the ESF and EAGGF. The public funding for the Community Initiative INTERREG III totals EUR 276.6 million, of which the EU (ERDF) contributes EUR 137.2 million.

Finland is involved in seven Interreg III A programmes, of which three concern Finland and Sweden (Archipelago, Merenkurkku-MittSkandia, Arctic area of the Nordic Countries) three Finland and Russia (Kolarctic, Karelia, South-east Finland) and one Finland and Estonia (coastal areas of Southern Finland). Only the regions of Satakunta, Pirkanmaa and Central Finland are completely outside the A programmes. All programmes involve elements concerning rural development, but these do not constitute any priorities or measures of their own.

Finland also participates in two Interreg III B programmes. In the programme for the Baltic Sea the whole country is considered eligible for the aid. Co-operation partners are Sweden, Denmark and Germany, as well seven non-member states. The programme for Northern Periphery covers the northern parts of Finland, Sweden, Norway and Scotland (for the most part Objective 1 areas) as well as Iceland, Faeroe Islands and Greenland. These programmes also contain elements relating to rural development.

Even if funding for rural development measures may also be available through the Interreg programmes, the approach is different from that in LEADER+. In Interreg projects the main emphasis is on cross-border co-operation, i.e. in principle all projects eligible for the financing should involve partners from at least two countries.

Due to the administrative requirements for co-operation, the partners are often public sector organisations, but in certain programmes (e.g. A

programme for the Archipelago area) co-operation on a smaller scale also receives considerable emphasis. In principle, however, all Interreg programmes involve the possibility for projects concerning networking and exchange of experiences, which may complement the LEADER activities.

13.8 Urban

The objective of the URBAN Community Initiative for the programming period 2000-2006 is

the economic and social animation of urban areas in crisis and promoting sustainable development. There is one Urban programme for Finland, and like in the previous programming period, this is drawn up by the cities of Helsinki and Vantaa. The public funding totals EUR 20.1 million, of which the EU (ERDF) contributes EUR 5.3 million.

Suomen LEADER+ -ohjelmaa toteuttavat paikalliset toimintaryhmät

1. Elävät jokivarret, maaseudun toimintaohjelma 2000-2006/ Peräpohjolan kehitys ry
2. Kainuun naisyrittäjyys LEADER Plus/ Kainuun naisyrittäjyys LEADER ry
3. Oulujärvi LEADER+ -kehittämisohjelma 2000-2006/ Oulujärvi LEADER ry
4. Nousevan rannikkoseudun kehittämissuunnitelma vuosille 2000-2001/ Nouseva rannikkoseutu ry
5. Kotikylä+ LEADER+ -kehittämisohjelma vuosille 2000 - 2006/ Pirityiset ry
6. NHS Pohjanmaan Jokilatvat kehittämisohjelma 2001 - 2006/ NHS -LEADER II ry
7. Rieska LEADER -kehittämissuunnitelma, Rieska-LEADER ry
8. Kehittämissuunnitelma 2000-2006 Aisapari/ Härmänmaan ja Järviseudun Kehittämisyhdistys ry
9. Suupohjan LEADER+ kehittämissuunnitelma vuosille 2000-2006/ Suupohjan kehittämisyhdistys ry
10. Kehittämissuunnitelma vuosille 2000-2006/ Kalakukko 2006 ry
11. Viisari maaseudun kehittämissuunnitelma 2001-2006/ Maaseudun kehittämisyhdistys VIISARI ry
12. RaJuPuSu -LEADER+ -ohjelma/ RaJuPuSu LEADER ry
13. KASKYNKKÄÄ 2000-2006, Keski-Karjalan LEADER+ -ohjelma/ Maaseudun kehittämisyhdistys Keski-Karjalan Jetina ry
14. Joensuun seudun LEADER+ -ohjelma 2000-2006, moniarvoinen ja aktiivinen kansalaisyhteiskunta/ Joensuun seudun LEADER -yhdistys ry
15. Vaara-Karjalan kehittämissuunnitelma v. 2000-2006/ Vaara-Karjalan LEADER ry
16. Pomoottori kehittämissuunnitelma 2000-2006/ Pomoottori ry
17. Ykkösmaseudun kehittämissuunnitelma v. 2000-2006/ Kantri ry
18. Pohjois-Satakunta LEADER+ -kehittämisohjelma/ Aktiivinen Pohjois-Satakunta ry
19. MEHU -ohjelma vuosille 2000-2006/ Karhuseutu ry
20. Kestävän elinvoimaisuuden tie - Varsinais-Suomen jokivarsikumppanit ry:n kehittämissuunnitelma 2001-2006
21. Med fulla segel framåt - Taysin purjein eteenpäin/ I samma båt - Samassa veneessä rf
22. Etelä-Karjalan LEADER ry
23. SEPRA KEHITTÄMISOHJELMA, Asukaslähtöinen kehittämisohjelma vuosille 2000-2006/ Kehittämisyhdistys Sepra ry
24. Etelä-Päijänteen LEADER+ -ohjelma/ Päijät-Hämeen maaseudun kehittämisyhdistys ry
25. Vår västnyländska Saga, lokalt utvecklingsprogram för Västnyland 2000-2006/ Pomoväst rf

Publications of the Ministry of Agriculture and Forestry in Finland 2001

- 1/2001 Elintarvikeklusterin laatuselvitys
ISBN 952-453-028-7
- 2/2001 Puhdistamolietteen ja lietevalmisteiden käyttö maataloudessa, hygienia- ja riskitutkimus
ISBN 952-453-029-5
- 3/2001 Maa- ja metsätalousministeriön hallinnonalan paikkatietostrategia – seuranta ja suuntaus 1.1.2001
ISBN 952-453-031-7
- 4/2001 Kansallinen metsäohjelma 2010, seurantaraportti 2000
ISBN 952-453-034-1
- 5/2001 Cadmium in Woodash used as Fertilizer in Forestry
ISBN 952-453-043-0
- 6/2001 Vesi- ja viemärlaitosten taloudellinen vertailu
ISBN 952-453-044-9
- 7/2001 Kasvintuotannon tarkastuskeskuksen arviointiraportti 2001
ISBN 952-453-045-7
- 8/2001 Luonnonvarastrategia 2001
ISBN 952-453-054-6
- 9/2001 Suomen LEADER+ -ohjelma
ISBN 952-453-056-2
- 9a/2001 Finlands LEADER+ -program
ISBN 952-453-058-9



MINISTRY OF AGRICULTURE AND FORESTRY

PB 30, FIN-00023 GOVERNMENT, Finland